



Shadman
Cotton Mills Limited

42nd ANNUAL REPORT 2021

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VISION STATEMENT

To be a dynamic, profitable and growth oriented Organization through dedication, integrity and professionalism.

MISSION STATEMENT

Our mission is to achieve higher level of sustainable growth and profitability by:

- a) Striving for excellence and sustaining position as a preferred supplier of yarn with a customers focused strategy.
- b) Providing diversified and value added textile products.
- c) Building a long term relationship with our customers, suppliers and other stake holders.
- d) Enhancing the profitability by employing latest technologies for achieving higher levels of efficiency, quality and productivity.
- e) Continuously responding to the changing needs of all our customers.
- f) Nurturing a work culture that generates creativity, enthusiasm, participation and professionalism.
- g) Developing motivation and retaining people to achieve high team performance.
- h) Being a good corporate citizen by fulfilling our social responsibilities.

COMPANY INFORMATION

BOARD OF DIRECTORS

MR. SHAHID MAZHAR (Chief Executive)
MRS. GHAZALA SHAHID (Chairperson)
MR. AHMED BIN SHAHID
MR. MUHAMMAD AFNAN SHAHID
MR. MUHAMMAD AKHTAR
MR. NADEEM BHATTI
MR. HAMID BASIR

AUDITORS

MUSHTAQ & COMPANY
CHARTERED ACCOUNTANTS

LEGAL ADVISOR

MR. FAZAL MAHMOOD (ADVOCATE)

AUDIT COMMITTEE

MR. NADEEM BHATTI (Chairman)
MRS. GHAZALA SHAHID (Member)
MR. MUHAMMAD AKHTAR (Member)

H.R. AND REMUNERATION COMMITTEE

MR. HAMID BASIR (Chairman)
MR. AHMED BIN SHAHID (Member)
MR. MUHAMMAD AFNAN SHAHID (Member)

CHIEF FINANCIAL OFFICER

MR. SHAHID MAHMUD

COMPANY SECRETARY

MR. MUHAMMAD AKHTAR

BANKERS

ALLIED BANK LIMITED
SONERI BANK LIMITED
THE BANK OF PUNJAB
HABIB BANK LIMITED
MEEZAN BANK LIMITED

REGISTERED OFFICE

2-E, BLOCK-G, MUSHTAQ AHMED GURMANI
ROAD, GULBERG - II, LAHORE-PAKISTAN
TEL: 042-35959121-25 FAX: 042-35959120

HEAD OFFICE

2-E, BLOCK-G, MUSHTAQ AHMED GURMANI
ROAD, GULBERG - II, LAHORE-PAKISTAN
TEL: 042-35959121-25 FAX: 042-35959120

SHARE REGISTRAR

M/S HAMEED MAJEED ASSOCIATES (PVT.) LTD.
H.M.HOUSE, 7-BANK SQUARE LAHORE.
TEL: 042-37235081-82 FAX: 042-37358817

MILLS

3.5 K.M. FEROZ WATOAN, WARBURTON ROAD,
KOT SHAH MOHAMMAD
TEHSIL & DISTRICT: NANKANA SAHIB

URL

WWW.SHADMAN.COM.PK

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Forty Second Annual General Meeting of the Shareholders of **SHADMAN COTTON MILLS LIMITED** will be held at Company's Registered Office, 2-E, Block-G, Mushtaq Ahmed Gurmani Road, Gulberg-II, Lahore on Saturday, **November 27, 2021 at 10.30 a.m.** to transact the following business:

ORDINARY BUSINESS:

1. To confirm the minutes of Forty First Annual General Meeting of the members of the Company held on Wednesday, October 28, 2020.
2. To receive, consider and adopt the Audited Financial Statements of the Company for the year ended June 30, 2021 together with the Directors' and Auditors' Reports thereon.
3. To appoint Auditors for the year ending June 30, 2022 and fix their remuneration. The present auditors M/s Mushtaq & Company, Chartered Accountants, retire and being eligible offered themselves for re-appointment.

ANY OTHER BUSINESS:

4. To transact any other business with the permission of the Chair.

Place: Lahore

Dated: November 05, 2021

**By order of the Board
(MUHAMMAD AKHTAR)**



Company Secretary

NOTES:

1. **Closure of Share Transfer Books:** The Share Transfer Books of the Company will remain closed from November 20, 2021 to November 27, 2021 both days inclusive. Transfers received at Hameed Majeed Associates (Pvt) Ltd H.M House, 7 Bank Square Lahore by the close of business on November 19, 2021 will be treated in time for the purpose of above entitlement to the transferees.
2. **Participation in General Meeting:** An individual beneficial owner of share must bring his/her original CNIC or Passport, Account and Participant's I.D numbers to prove his/her identity. A representative of corporate members, must bring the Board of Directors' Resolution and/ or Power of Attorney and specimen signature of the nominee. CDC account holders will further have to follow the guidelines as laid down in Circular No.1 dated January 26, 2000 issued by the Securities and Exchange Commission of Pakistan.

A member eligible to attend and vote at this meeting may appoint another member as his/her proxy to attend and vote instead of him/her. Proxies in order to be effective must be received by the company at the Registered Office not less than 48 hours before the time of holding the meeting. A proxy must be a member.

3. Considering the SECP's Circular No. 4 dated February 15, 2021, the company intends to convene the AGM with minimal physical interaction of shareholders while insuring compliance with the quorum requirement. Members interested in attending the AGM through Zoom are requested to get themselves registered by sending an email at least 48 hours prior to the date of meeting at finance@shadman.com.pk by providing the following details:

Name	CNIC No.	Folio/CDC A/C No.	Cell No.	Email Address

The shareholders who are registered after necessary verification shall be provided a video link by the Company on the said email address. The login facility will remain open from start of the meeting till its proceedings are concluded. Members will be able to login and participate in the AGM proceedings through their devices.

4. **Deposit of Physical Shares into CDC Account:** As per Section 72 of the Companies Act, 2017, every existing listed company will be required to replace its physical shares with book entry form in a manner as may be specified and from the date notified by the Commission, within a period not exceeding four years from the commencement of the Act i.e., May 30, 2017.
5. **Dividend Mandate (Mandatory):** In accordance with the provisions of section 242 of the Companies Act and Companies (Distribution of Dividends), Regulations 2017, a listed company is required to pay dividend to the shareholders only through electronic mode directly into the bank account designated by the entitled shareholders.
6. All shareholders who have still not provided their IBAN are once again requested to provide the details of their bank mandate specifying (a) Title of Account (b) Account Number (c) IBAN Number (d) Name of Bank (e) Branch Name, code and address to the Company's Share Registrar. Those shareholders who hold shares with Participants/ Central Depository Company of Pakistan (CDC) are advised to provide bank mandate detail as mentioned above, to the concerned Participants/CDC. The dividend Mandate Form is placed on Company's website www.shadman.com.pk.

7. **Deduction of Income Tax under section 150 of the Income Tax Ordinance, 2001:** Pursuant to the Finance Act, 2021 effective July 01, 2021 the rates of deduction of Income Tax from dividend payments under section 150 of the Income Tax Ordinance, 2001 are prescribed as under:

- . Persons appearing in Active Tax Payers List, (ATL) 15%
- . Persons not appearing in Active Tax Payers List (ATL) 30%

To enable the Company to make tax deduction on the amount of cash dividend @ 15% instead of 30%, shareholders whose names are not entered into the Active Taxpayers List(ATL) provided on the website of FBR, despite the factor that they are filers, or advised to make sure that their names are entered in ATL before the first day of book closure, otherwise tax on their cash dividend will be deducted @ 30% instead of 15%.

8. The FBR has clarified that withholding tax will be determined separately on 'Filer/ Non Filer' status of Principal shareholder as well as joint holder(s) based on their shareholding proportion, in case of joint accounts. In this regard all shareholders, who hold shares jointly are requested to provide shareholding proportion of principal shareholder and joint holder(s) in respect of shares held by them to our share Registrar in the following format:

Folio No./CDS Account No.	Name of Principal Shareholder/ Joint Holders	Share holding Proportion	CNIC/ Passport No. (copy attached)	Signature

The required information must reach our Share Registrar by the close of business on November 19, 2021 otherwise it will be assumed that shares are equally held by principal shareholder and joint holders.

Withholding tax exemption from dividend income, shall only be allowed if copy of valid tax exemption certificate is made available to our Share Registrar Office, M/S Hameed Majeed Associates H.M. House, 7 Bank Square Lahore, up to November 19, 2021.

9. **Unclaimed Dividend/Shares:** Shareholders, who by any reason could not claim their dividend/shares, if any, are advised to contact our Share Registrar M/S Hameed Majeed Associates H.M. House, 7 Bank Square Lahore, to inquire about their unclaimed dividend/shares.
10. **Transmission of annual financial statements through email:** SECP vide SRO No. 787(1)/2014 dated September 8, 2014 has provided an option to receive audited financial statements electronically through email, those shareholders who are interested in receiving the annual reports electronically in future are required to submit their email address at Registered Office of the Company on a standard request form which is available on Company's website: www.shadman.com.pk.

Pursuant to section 223 of the Companies Act, 2017, the audited financial statements of the company for the year ended June 30, 2021 together with Chairman's Review Report, Director and Auditors Report thereon will be made available on the Company's website www.shadman.com.pk.

11. **Submission of copies of valid CNICs:** Shareholders are requested to submit copy of their valid CNIC mentioning company name and Folio No. at our Share Registrar's address for compliance of SECP SRO No. 831(1)/2012. In case of non-receipt of copy of valid CNIC, the Company may be constrained to withhold dispatch of dividend warrants.
12. **Request of Video Conference Facility:** Members can also avail Video Conference facility in (name of cities where facility can be provided keeping in view geographical dispersal of members). In this regard please fill the following and submit to the registered address of the company within ten (10) days before holding of general meeting.

I/We _____ of _____ being a member of SHADMAN COTTON MILLS LIMITED, holder of _____ Ordinary Shares as per Registered Folio No. /CDC No. _____ hereby opt for Video Conference Facility at _____ .

Signature of Members

13. **Change of Address:** Shareholders are requested to immediately notify the change of address, if any to Share Registrar of the Company.

CHAIRPERSON'S REVIEW

The composition of the Board of Directors represents mix of varied back grounds and rich experience in the fields of business.

The Board provides strategic directions to the company and directs the management to achieve objectives and goals of the company.

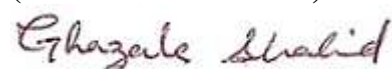
Annual evaluation of Board of Directors as required under the Code of Corporate Governance has been carried out to measure the performance and effectiveness of the Board against the objectives of the company set at the beginning of the year and I report that:

1. The overall performance of the Board for the year under review was satisfactory.
2. The Board had full understanding of the vision and mission statements and frequently revisits them to update with the changing conditions.
3. The Board members attended all Board Meetings during the year and participated in important company's matters.
4. The Board undertook an overall review of business risks to ensure effectiveness of risk identification, risk management and internal controls to safeguard assets and interest of the company and shareholders.
5. The Board members regularly received reports on finance / budgets, production and other important matters which helped them to take effective decisions.
6. The board members were updated with regard to achievement of financial results through regular presentations by the management and accordingly received directions and oversight on a timely basis.

I would like to thank the Board members for their commitments, untiring efforts by overcoming the difficulties posed by unstable market environments and safeguard measures taken during the peak period of COVID-19 pandemic.

Place: Lahore

(Mrs. Ghazala Shahid)



Date: November 05, 2021

CHAIRPERSON

DIRECTORS REPROT TO THE SHAREHOLDERS FOR THE YEAR ENDED JUNE 30, 2021

The Directors are presenting the 42nd Annual Report of the Company together with Audited Financial Statements and Auditors report thereon for the year ended June 30, 2021.

SUMMARY OF FINANCIAL RESULTS

Following is the brief highlights of the financial results of the Company for the year ended June 30, 2021.

	2021	2020
Rupees in Million		
Turnover-net	110.032	111.554
Gross Loss	(55.555)	(25.105)
Operating Profit /(Loss)	(47.230)	15.176
Profit /(Loss) before Taxation	(52.866)	10.519
Profit /(Loss) after Taxation	(56.758)	1.009

BREAK-UP VALUE AND EARNING PER SHARE

The break-up value of shares as on June 30, 2021 is Rs. 25.23 as compared to Rs. 28.45 as on June 30, 2020. The loss per share for the year ended June 30, 2021 is Rs. (3.22) as compared to profit per share of Rs. 0.06 of previous year as per computation given below:

	2021	2020
Rupees		
Profit /(Loss) after Taxation	(56,757,942)	1,008,510
No. of ordinary shares	17,636,719	17,636,719
Earnings /(Loss) per share	(3.22)	0.06

OVERVIEW

The auditors continued the qualified opinion on reversal of mark-up of Rs. 179.89 million during the year June 30, 2015 and non-recognition of further mark-up thereafter up to June 30, 2021 of Bank of Punjab as was reported in the previous year's auditors report. The management is of the view that the financial obligation of the Company to Bank of Punjab has been confined to the amount involved in litigation and as per opinion of our legal counsel any over provision of mark-up including which has been reversed in earlier years is not required, consequently no further provision have been recognized. The liabilities of Habib Bank limited and Meezan Bank Limited are already recognized on decreed amount.

So far as the qualified opinion of auditors regarding trade debts includes an amount receivable from LESCO of Rs. 16.198 million is concerned, it is stated that the matter is in Court of Law. The management is confident of favourable outcome of this case as per opinion of our legal counsel consequently no provision has been recognized against this receivable.

Finally, the auditors have also emphasized that due to circumstances described in note 2.2 material uncertainties exists about the company's ability to continue as a going concern. However, the management has prepared the annexed financial statements on going concern basis due to reasons explained in note 2.2 to the financial statements. The auditors have not modified opinion in this matter.

Shadman Cotton Mills Limited

During the year under review, the loss after tax of the company is Rs.56.758 million as compared to profit after tax of Rs.1.009 million of previous year. The net turnover in the current year is Rs.110.032 million including export sales of Rs. 104.666 million as compared to Rs. 111.554 million of last year. The new export-oriented addition of apparel division in the company is working successfully. Unfortunately outbreak of Covid-19 pandemic, higher cost of fabrics and production and low sale prices resulted in gross loss to the company. During this period the company adopted alternative measures which fetched good financial results to reduce the loss to minimum level.

FUTURE OUTLOOK

The business environment of Pakistan textile industry is showing improvement from last few months due to increase in demand following easing of COVID-19 related lockdowns globally. Raw materials prices along with all other commodities are consistently showing increasing trend day by day with devaluation of Pak Rupee and increase in petroleum products. The sale price of the products is also responding positively which is good sign for textile industry. Since Pakistan remained in better position to control spread of COVID-19 than other countries, our textile industry benefited as global buyers started turning towards Pakistan for sourcing, resultantly a significant increase in capacity utilization in Pakistan Textile sector has been observed. With higher international demand of Pakistan textile products along with favorable Government policies, we are expecting prosperous textile sector in the coming days.

However, the management continues to support the Company in the form of interest free directors' loan for smooth running of its affairs. Moreover, the management is looking forward to expand the business of apparel division more aggressively to enhance the export of the company along with other alternative measures. We hope that these steps will help to improve the financial performance of the Company in the coming year.

DIVIDEND

The directors have not recommended any dividend in view of weak financial position of the company for the year ended June 30, 2021.

CORPORATE GOVERNANCE AND FINANCIAL REPORTING FRAME WORK

We confirm that:

- The financial statements have been drawn up in conformity with the Companies Act, 2017 and present fairly the state of its affairs, operating results, cash flow, comprehensive income and changes in equity.
- Proper books of account have been maintained in the manner required under Companies Act, 2017.
- Appropriate accounting policies have been consistently applied in the preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of the financial statements.
- The system of internal control is sound in design and has been effectively implemented and monitored.
- There is no significant doubt upon the Company's ability to continue as a going concern.
- There has been no material departure from the best practices of corporate governance, as required by the listing regulations, except as stated otherwise in the statement of compliance with best practices of the code of corporate governance.
- The key operating and financial data for the last six years is annexed to this report.
- Outstanding duties and taxes, if any, have been disclosed in the financial statements.

Shadman Cotton Mills Limited

- The pattern of shareholding and the additional information as required by the CCG is annexed to the annual report.
- The Directors' Report dealing with the performance of the company during the year ended June 30, 2021, future prospects and other matters of concern to the Company forms part of this report.

BOARD OF DIRECTORS

The Board of Directors consist of:

Total Number of Directors is Seven (7)

- | | |
|-----------|---|
| a) Male | 6 |
| b) Female | 1 |

Composition:

- | | |
|----------------------------|---|
| a) Independent Directors | 2 |
| b) Non-Executive Directors | 3 |
| c) Executive Directors | 2 |

The Board as on June 30, 2021:

- | | |
|------------------------------|--|
| 1. Mr. Shahid Mazhar | Executive Director/Chief Executive Officer |
| 2. Mrs. Ghazala Shahid | Non-Executive Director/Chairperson |
| 3. Mr. Ahmed Bin Shahid | Executive Director |
| 4. Mr. Muhammad Afnan Shahid | Non-Executive Director |
| 5. Mr. Muhammad Akhtar | Non-Executive Director |
| 6. Mr. Nadeem Bhatti | Independent Director |
| 7. Mr. Hamid Basir | Independent Director |

Mrs. Naureen Rehan Director of the Company retired on November 25, 2020 and Mr. Muhammad Afnan Shahid Non-Executive Director elected on November 30, 2020 in her place.

BOARD OF DIRECTOR'S MEETINGS

The number of Board meetings held during the year 2020-21 was four (4). The attendance of the directors is as under:

<u>Sr. #</u>	<u>Name of Directors</u>	<u>No. of Meetings Attended</u>
1.	Mr. Shahid Mazhar	4
2.	Mrs. Ghazala Shahid	4
3.	Mr. Ahmed Bin Shahid	4
4.	Mrs. Naureen Rehan	2 (Retired on November 25, 2020)
5.	Mr. Muhammad Akhtar	4
6.	Mr. Muhammad Afnan Shahid	2 (Appointed on November 30, 2020)
7.	Mr. Nadeem Bhatti	4
8.	Mr. Hamid Basir	4

AUDIT COMMITTEE

The Board of Directors has formed an Audit Committee comprising of the following:

- | | |
|------------------------|----------|
| 1. Mr. Nadeem Bhatti | Chairman |
| 2. Mrs. Ghazala Shahid | Member |
| 3. Mr. Muhammad Akhtar | Member |

During the year Four meetings of the Audit Committee were held and attendance of these meetings is as under:

- | | |
|------------------------|---|
| 1. Mr. Nadeem Bhatti | 4 |
| 2. Mrs. Ghazala Shahid | 4 |
| 3. Mr. Muhammad Akhtar | 4 |
| 4. | |

HUMAN RESOURCE AND REMUNERATION COMMITTEE

The Board of Directors has formed a Human Resource and Remuneration Committee comprising of the following:

- | | |
|------------------------------|----------|
| 1. Mr. Hamid Basir | Chairman |
| 2. Mr. Ahmed Bin Shahid | Member |
| 3. Mr. Muhammad Afnan Shahid | Member |

During the year One meeting of the Audit Committee was held and attendance of this meeting is as under:

- | | |
|------------------------------|---|
| 1. Mr. Hamid Basir | 1 |
| 2. Mr. Ahmed Bin Shahid | 1 |
| 3. Mr. Muhammad Afnan Shahid | 1 |

The Directors, CFO and Company Secretary and their spouses and minor children have made no transactions in the Company's shares during the year.

The Statement of Compliance with the Code of Corporate Governance is annexed to this report.

The Chairperson's Review is endorsed by the Board of Directors.

All the transactions with the related parties have been executed at arm's length and have been disclosed in the financial statements under relevant notes.

The present Auditors M/S Mushtaq & Company, Chartered Accountants, retire and being eligible offer them-selves for re-appointment. The Audit Committee of the Board has recommended the re-appointment of M/S Mushtaq & Company, Chartered Accountants, as external Auditors of the Company for the year 2021-22 on the current level of Auditors remuneration.

CORPORATE SOCIAL RESPONSIBILITIES (CSR)

Corporate Social Responsibility (CSR) is about business giving back to society. As routine, we strive to safeguard the health and well-being of our employees, neighbors and customers, as well as the communities in which we live, work and co-operate.

SAFETY, HEALTH & ENVIRONMENT

We maintain a culture of encouraging best health and safety practices amongst our workers by imparting awareness. We are pleased to inform you that there has been no incident of safety and health during the year. The Company actively strives to provide a safe and healthy workplace for its employees toward communities and environment in which it operates. There have been more plantations by increasing the area of green field to improve the environment.

WORK-LIFE BALANCE

In order to promote a health work-life balance, we strictly follow a 9.00 a.m. to 5.00 p.m. working routine. This ensures that our employees have plenty of time after work for extra-curricular activities with their families and friends.

BUSINESS ETHICS AND ANTI-CORRUPTION MEASURES

The Management is committed to conduct all business activities with integrity, honesty and in full compliances with the current laws and regulations. A code of conduct has been developed and approved by the Board, which is signed by all employees.

ENERGY CONSERVATION

The Company has taken many measures at mills premises to conserve the energy by fixing energy conserving devices.

ACKNOWLEDGEMENT

The Directors of the Company would like to take the opportunity to thank the Shareholders, valued clients and bankers for the co-operation extended by them during the course of business activities. The Directors are also pleased to record their appreciation for the continued diligence and devotion of the staff members and workers of the Company.

On behalf of the Board of Directors



Chief Executive Officer

On behalf of the Board of Directors



Director

Place: Lahore

Date: November 05, 2021

مجلس نفعاء کی رپورٹ

محترم حصص یافتگان

کمپنی کی مجلس نفعاء 42 ویں سالانہ اجلاس میں آپ کا استقبال کرتی ہے اور 30 جون 2021 کو ختم ہونے والے سال کے لیے کمپنی کے ڈیڑھ سالہ نظر ثانی شدہ حسابات کے ساتھ سالانہ رپورٹ پیش ہے۔

مالیاتی نتائج

کمپنی کے مالیاتی نتائج تقابلی شکل میں حسب ذیل ہیں:-

روپے ملین میں

30 جون 2021	30 جون 2020
خالص فروخت	110.032
مجموعی (نقصان)	(55.555)
اپریٹنگ نفع (نقصان)	(47.230)
قبل از ٹیکس نفع (نقصان)	(52.866)
بعد از ٹیکس نفع (نقصان)	(56.758)

نئی مارکیٹ کی قیمت اور فی شیئر نفع / نقصان

زیر جائزہ سال کے اختتام 30 جون 2021 کو فی شیئر نئی مارکیٹ کی قیمت 25.23 روپے ہے جب کہ پچھلے سال کے اختتام پر 30 جون 2020 کو یہی قیمت 28.45 روپے تھی۔ فی شیئر نفع / کٹھن سال 0.06 روپے فی شیئر کے مقابلے میں اس سال فی شیئر نقصان (3.22) روپے ہے۔

مجموعی جائزہ

پچھلے سال کی طرح بینک آف پنجاب کے مارکسپ کی الٹائی 179.890 ملین روپے اور اس پر اگلی مدت کا مارکسپ درج نہ کرنے پر محاسب نے اس سال بھی اعتراض کیا ہے۔ جب کہ کمپنی کی انتظامیہ کے مطابق جو مارکسپ حسابات میں پہلے سے لیا ہے وہ کافی ہے۔ جیسا کہ کمپنی کے قانونی مشیر نے مشورہ دیا ہے کہ اس سے زیادہ مارکسپ حسابات میں درج کرنے کی کوئی ضرورت نہیں ہے ماسی طرح حسب بنک و ممبران بنک کی ادا کرنے والی رقم کٹوتیوں میں پہلے ہی ڈیکری شدہ رقم پر ہے۔

محاسب نے تجارتی گاہکوں سے لینے والے 16.198 ملین روپے وصول نہ ہونے پر اس کے برعکس پروویژن نہ رکھنے پر اعتراض کیا ہے۔ اس کے متعلق انتظامیہ کی رائے ہے کہ یہ ایک پارٹیل لاہور انڈسٹریل سہائی کمپنی کا ہے۔ جس کا کہیں حدالت میں زیر التوا ہے اور ہمارے قانونی مشیر کے مطابق یہ کیس ہمارے حق میں فیصلہ ہونے کے قوی امکانات ہیں۔ اس لئے کمپنی نے اس کے برعکس کوئی پروویژن نہیں رکھی۔

آخر میں محاسب نے اس سال کے حسابات کی رپورٹ میں درج 2.2 نمبر پر کمپنی کا کاروبار چلنے کے حالات پر اپنے تشویشی خیالات کا اظہار کیا ہے۔ جب کہ کمپنی انتظامیہ نے یہ حسابات چالو کاروباری حالت کو مد نظر رکھتے ہوئے بنائے ہیں۔ تاہم محاسب کو ان حالات پر جو کہ حسابات میں درج 2.2 نمبر پر کوئی اعتراض نہیں ہے۔

زیر جائزہ سال کے دوران کمپنی کو بعد از ٹیکس 56.758 ملین روپے کا نقصان ہوا ہے اس کے مقابلے میں پچھلے سال اسی مدت میں بعد از ٹیکس نفع 1.009 ملین روپے تھا۔ زیر جائزہ سال کے دوران مجموعی فروخت 110.032 ملین روپے جس میں 104.666 ملین روپے بیرون ملک برآمدات شامل ہیں جب کہ پچھلے سال کے دوران یہی مجموعی فروخت 111.554 ملین روپے تھی۔ کمپنی نے ملبورسٹ بنانے کا نیا برآمدی رجحان والا نیا شعبہ تسلی بخش کام کر رہا ہے۔ بد قسمتی سے کوویڈ 19 کی وبا پھیلنے اور کپڑے اور پیداوار کی لاگت بڑھنے کی وجہ سے اور قیمت فروخت میں کمی کے باعث مجموعی نقصان ہوا اس مدت کے دوران کمپنی نے متبادل اقدامات اپنائے جن کے اچھے مالی نتائج برآمد ہوئے تاکہ نقصان کو کم سے کم سطح تک محدود کیا جاسکے۔

مستقبل کے متناظر

عالمی سطح پر کوویڈ 19 سے متعلق لاک ڈاؤن میں برزی کے بعد مانگ میں اضافے کی وجہ سے پاکستان کی ٹیکسٹائل انڈسٹری کے کاروباری ماحول میں پچھلے چند مہینوں سے بہتری دکھائی دے رہی ہے۔ پاک روپے کی قدر میں کمی اور پڑھ و لیم مصنوعات میں اضافے کے ساتھ خام مال کی قیمتوں کے ساتھ ساتھ دیگر تمام اشیاء کی قیمتوں میں مسلسل اضافہ کا رجحان روز بروز بڑھ رہا ہے۔ مصنوعات کی فروخت کی قیمت میں مثبت رد عمل دکھائی دے رہا ہے جو کہ ٹیکسٹائل انڈسٹری کے لیے اچھی علامت ہے۔ کوویڈ 19 چونکہ پاکستان میں دوسرے ممالک کے مقابلے میں پھیلاؤ کو کنٹرول کرنے کے لیے بہتر پوزیشن میں ہے۔ اس لیے ہماری ٹیکسٹائل انڈسٹری کو فائدہ ہوا کیونکہ عالمی خریداروں نے پاکستان کا رخ کرنا شروع کر دیا۔ پچھلے پاکستان ٹیکسٹائل ٹیکسٹائل کے استعمال میں نمایاں اضافہ دیکھا گیا ہے۔ حکومت کی سازگار پالیسیوں کے ساتھ ساتھ پاکستانی ٹیکسٹائل مصنوعات کی بین الاقوامی مانگ میں اضافے کے ساتھ ہم آنے والے دنوں میں ٹیکسٹائل کے شعبے میں خوشحالی کی توقع کر رہے ہیں۔

تاہم انتظامیہ کمپنی کے معاملات کو آسانی سے چلانے کے لیے کمپنی کو سود سے پاک ڈائریکٹرز کے قرض کی شکل میں مدد فراہم کرتے رہیں گے۔ مزید برآں انتظامیہ دوسرے متبادل اقدامات کے ساتھ ساتھ کمپنی کی برآمدات کو بڑھانے کے لیے ملبورسٹ ڈویژن کے کاروبار کو بڑھانے کے ساتھ ساتھ ہمارے بڑھانے کے متناظر ہیں۔ امید ہے کہ ان اقدامات سے آنے والے مالی سال میں کمپنی کی مالی کارکردگی کو بہتر بنانے میں مدد ملے گی۔

منافع مہم

بورڈ آف ڈائریکٹرز نے کمپنی کی کمزور مالی حالت کو مد نظر رکھتے ہوئے حصص یافتگان کو کسی قسم کا کوئی منافع نہ دینے کی سفارش کی ہے۔

کارپوریٹ اور مالیاتی رپورٹنگ فریم ورک

- کمپنی کی انتظامیہ کی طرف سے تیار کردہ مالیاتی حسابات، اس کے امور، ہر پٹرن کے نتائج، نقدی بہاؤ اور ایکویٹی میں تبدیلیوں کو کمپنی ایکٹ 2017 کے مطابق منعقدہ طور پر ظاہر کیا گیا ہے۔
- کمپنی کے کھاتہ جات کمپنی ایکٹ 2017 کے مطابق بالکل صحیح طور سے بنائے گئے ہیں۔
- مالی حسابات کی تیاری میں مناسب اکاؤنٹنگ پالیسیوں کو تسلسل کے ساتھ لاگو کیا گیا ہے اور اکاؤنٹنگ کے تخمینہ جات مناسب اور دانشمندانہ فیصلوں پر مبنی ہیں۔
- مالی حسابات کی تیاری میں پاکستان میں لاگو بین الاقوامی مالیاتی رپورٹنگ کی پیروی کی گئی ہے۔
- اندرونی کنٹرول کے نظام کا ڈیزائن مستحکم ہے اور اسکی موثر طریقے سے عمل درآمد و نگرانی کی جاتی ہے۔
- کمپنی کا کاروبار بحالہ حالت میں ہونے کی صلاحیت پر کوئی قابل ذکر شک نہیں ہے۔
- کارپوریٹ اور مالیاتی انتظام میں کسی قسم کی کوئی قابل ذکر تبدیلی نہیں ہے۔ سوائے اس کے کہ جو کارپوریٹ اور مالیاتی رپورٹنگ فریم ورک کی رپورٹ میں ظاہر کیا گیا ہے۔
- گزشتہ چھ سال کا کلیدی آپریٹنگ اور مالیاتی ڈیٹا اس رپورٹ کے مراہضہ شک ہے۔
- ٹیکس اور ریویژن کو حسابات کی مناسب فیملی مد میں بیان کیا گیا ہے۔
- شیئر ہولڈنگ کا نمونہ اور بورڈ آف کارپوریٹ گورننس کی دیگر معلومات بھی اس سالہ رپورٹ کے مراہضہ شک ہیں۔
- ڈائریکٹرز کی کمپنی کی کارکردگی، مستقبل کے نقطہ نظر کے مطلق اور دیگر معاملات کی رائے اس سالہ رپورٹ کے مراہضہ شک ہیں۔

بورڈ آف ڈائریکٹرز

بورڈ آف ڈائریکٹرز کی تشکیل مندرجہ ذیل ہے۔

تمام ڈائریکٹرز کی تعداد سات ہے۔ مذکورہ ڈائریکٹرز چھ ہیں اور ایک مونسٹ ڈائریکٹر ہے۔
ڈائریکٹرز کے مرکب میں دو آزاد ڈائریکٹرز ہیں غیر ایگزیکٹو ڈائریکٹرز کی تعداد تین ہے اور ایگزیکٹو ڈائریکٹرز کی تعداد دو ہے۔

بورڈ آف ڈائریکٹرز

- 1: جناب شاہد مظہر
- 2: محترمہ غزالہ شاہد
- 3: جناب احمد بن شاہد
- 4: جناب محمد افتان شاہد
- 5: جناب محمد اختر
- 6: جناب مدیم بھٹی
- 7: جناب حامد البیر

25 نومبر 2020 کو محترمہ نورین رحمان ڈائریکٹر ریٹائر ہو گئیں اور ان کی جگہ 30 نومبر 2020 کو جناب محمد افتان شاہد ڈائریکٹر منتخب ہو گئے۔

بورڈ آف ڈائریکٹرز کے اجلاس

اس سال کے دوران بورڈ آف ڈائریکٹرز کے چار اجلاس منعقد ہوئے اور ان اجلاسوں میں حاضری حسب ذیل ہے۔

نام ڈائریکٹر تعداد حاضری

- | | |
|--------------------|---|
| جناب شاہد مظہر | 4 |
| محترمہ غزالہ شاہد | 4 |
| جناب احمد بن شاہد | 4 |
| محترمہ نورین رحمان | 2 |
| محمد افتان شاہد | 2 |
| جناب محمد اختر | 4 |
| جناب مدیم بھٹی | 4 |
| جناب حامد البیر | 4 |

آؤٹ کمیٹی

آؤٹ کمیٹی مندرجہ ذیل ڈائریکٹرز پر مشتمل ہے۔

1: جناب مدیم بھٹی چیئرمین

2: محترمہ غزالہ شاہد ممبر

3: جناب محمد اختر ممبر

آؤٹ کمیٹی کے اجلاس

اس سال کے دوران آؤٹ کمیٹی کے چار اجلاس منعقد ہوئے اور ان اجلاسوں میں حاضری حسب ذیل ہے۔

نام ڈائریکٹر	تعداد حاضری
جناب مدیم بھٹی چیئرمین	4
محترمہ غزالہ شاہد ممبر	4
جناب محمد اختر ممبر	4

ہیومن ریسورس اینڈ رموزیشن کمیٹی

ہیومن ریسورس اینڈ رموزیشن کمیٹی مندرجہ ذیل ڈائریکٹرز پر مشتمل ہے۔

1: جناب حامد بیر چیئرمین

2: جناب احمد بن شاہد ممبر

3: جناب محمد افتخار شاہد ممبر

ہیومن ریسورس اینڈ رموزیشن کمیٹی کے اجلاس

اس سال کے دوران ہیومن ریسورس اینڈ رموزیشن کمیٹی کا ایک جلسہ منعقد ہوا ہے اور اس جلسہ میں حاضری حسب ذیل ہے۔

نام ڈائریکٹر	تعداد حاضری
جناب حامد بیر چیئرمین	1
جناب احمد بن شاہد ممبر	1
جناب محمد افتخار شاہد ممبر	1

- ہم تصدیق کرتے ہیں کہ اس کے علاوہ رواں سال کے دوران ڈائریکٹروں اور چیف فنانس افسر یا ان سب میں سے کسی کے شریک حیات یا مالی بچوں میں سے کسی نے کمپنی کے حصص کی خرید و فروخت نہیں کی۔

- کارپورٹ اور مالیاتی فریم ورک پر عملدرآمد کے مطابق بیان اس سالانہ رپورٹ کے حصہ کے منسلک ہے۔

- چیئر پرسن کی جائزہ شدہ رپورٹ کی توثیق بورڈ آف ڈائریکٹرز نے کی ہے۔

- متعلقہ جماعتوں کے تمام لیٹن وین سالانہ رپورٹ میں شامل ہے۔

- موجودہ سب مشتاق اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس جو کے ریٹائر ہو گئے ہیں دوبارہ منتخب ہونے کی اہلیت رکھتے ہیں اور آؤٹ کمیٹی نے ان کو 30 جون 2022 کو ختم ہونے والے سال کے لیے

دوبارہ موجودہ معاوضے پر منتخب کرنے کی سفارش کی ہے۔

کارپوریٹ سماجی ذمہ داری

کمپنی تسلیم کرتی ہے کہ معاشرہ کو اقتصادی فوائد پہنچانا کامیاب اور پائیدار کاروباری کلید ہے۔ ہم اپنے ملازمین، مسائے، گاہکوں اور جس کمیونٹی میں ہم رہتے ہیں ان کی صحت کی حفاظت اور بہتری کیلئے کوشاں ہیں۔

صحت، حفاظت اور ماحول

ہم اپنے ملازمین کے لئے محفوظ اور صحت مندرگام کا ماحول یقینی بنانے کے لئے مسلسل کام کرتے ہیں۔ ہمیں یہ بتاتے ہوئے خوشی محسوس ہوتی ہے کہ رواں سال کے دوران حفاظت اور صحت کے لحاظ سے کسی قسم کا کوئی نہ خوشگوار واقعہ پیش نہیں آیا۔ اس کے علاوہ کمپنی نے ماحول کو صاف ستھرا رکھنے کیلئے مزید درخت لگائے ہیں۔

کام اور زندگی کا توازن

صحت کام اور زندگی کے توازن کو فروغ دینے کے لئے ہم ہفتی سے صبح 9:00 بجے تا سہ پہر 5:00 بجے تک معمول کے مطابق عمل کرتے ہیں۔ یہ یقینی بناتا ہے کہ ہمارے ملازمین کے پاس کام کے بعد اپنے اہل خانہ اور دوستوں کے ساتھ غیر نصابی سرگرمیوں کے لئے کافی وقت میسر ہوتا ہے۔

کاروباری اخلاقیات اور اجتماعی کرپشن کے اقدامات

انتظامیہ سالمیت ایمانداری و موجودہ قوانین و ضوابط کی مکمل پاسداری کے ساتھ تمام کاروباری سرگرمیوں کو مستحکم کرنے پر کاربند ہے۔ بورڈ کی طرف سے ایک ضابطہ اخلاق تیار کیا گیا ہے جس پر تمام ملازمین کے دستخط ہیں۔

بکلی کی بچت

کمپنی نے مل کے احاطہ میں بکلی کی بچت کے آلات نصب کر کے توانائی کے تحفظ کے کئی اقدامات کئے ہیں۔

شکرگزاری

بورڈ کمپنی کے حصص یافتگان، گاہکوں، مالیاتی اداروں، ایگزیکٹوز، افسران اور کارکنوں کی انتھک کوششوں کا شکر گزار ہے۔

منجانب بورڈ



چیف ایگزیکٹو

منجانب بورڈ



ڈائریکٹر

لاہور 5 نومبر 2021

STATEMENT OF COMPLIANCE WITH THE LISTED COMPNIES
(CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019

Shadman Cotton Mills Limited for the year ended June 30, 2021.

The Company has complied with the requirements of the Regulations in the following manner;

1. The total number of directors are seven (7) as per the following:
 - a) Male: 6
 - b) Female: 1
2. The composition of Board is as follows:

Category	Directors
Independent Directors	Mr. Nadeem Bhatti
	Mr. Hamid Basir
Non-executive Directors	Mrs. Ghazala Shahid (Chairperson)
	Mr. Muhammad Afnan Shahid *
	Mr. Muhammad Akhtar
Executive Directors	Mr. Shahid Mazhar (Chief Executive)
	Mr. Ahmed Bin Shahid

* Mr. Muhammad Afnan Shahid is appointed as Director on the board on November 30, 2020 to fill the casual vacancy occurred on November 25, 2020 by the resignation of Director Mrs. Naureen Rehan.

Fraction (0.33) related to the requirement for number of independent directors each is less than 0.5 and therefore, has not rounded up as one.

3. All directors have confirmed that none of them is serving as a director in more than seven listed companies, including this company.
4. The Company has prepared a code of conduct and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.
5. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. The Board has ensured that complete record of particulars of significant policies along with their date of approval or updating is maintained by the company.
6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board/shareholders as empowered by the relevant provisions of the Act and these Regulations.
7. The meetings of the Board were presided over by the Chairperson and, in her absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of the Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of the Board.
8. The Board has a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.
9. One of the directors is exempt from Directors' Training Program and rest of the board could not attend the Directors' Training Program due to Covid-19.
10. The Board has approved appointment of chief financial officer, company secretary and head of internal auditor, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.
11. Chief financial officer and chief executive officer duly endorsed the financial statements before approval of the Board.

Shadman Cotton Mills Limited

12. The Board has formed committees comprising of members given below:

a) Audit Committee

Mr. Nadeem Bhatti	Chairman
Mrs. Ghazala Shahid	Member
Mr. Muhammad Akhtar	Member

b) HR and Remuneration Committee

Mr. Hamid Basir	Chairman
Mr. Ahmed Bin Shahid	Member
Mr. Muhammad Afnan Shahid	Member

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.

14. The frequency of meetings of the committee were as per following:

a) Audit Committee: Quarterly (Four Meetings)

b) HR and Remuneration Committee: Annually (One Meeting)

15. The board has set up an effective internal audit function team who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company.

16. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the chief executive officer, chief financial officer, head of internal audit, company secretary or director of the company.

17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.

18. We confirm that all requirements of regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with and.

19. Explanation for non-compliance with requirements other than 3, 6, 7, 8, 27, 32, 33 and 36 are below:

i) The Board was not able to comply with the requirement of Directors training program due to Covid-19 situation and consequent restrictions.

(Mrs. Ghazala Shahid)



CHAIRPERSON

Place: Lahore

Date: November 05, 2021

Key Operating & Financial Data For the Period from July 2015 to June 2021

PARTICULARS	July-June 2020-2021	July-June 2019-2020	July-June 2018-2019	July-June 2017-2018	July-June 2016-2017	July-June 2015-2016
Turnover -Net	110,031,908	111,554,212	431,005,657	546,927,040	412,548,682	709,838,580
Cost of Goods Sold	(165,587,176)	(136,658,852)	(413,356,190)	(596,269,741)	(481,530,678)	(842,819,315)
Gross Profit / (Loss)	(55,555,268)	(25,104,640)	17,649,467	(49,342,701)	(68,981,996)	(132,980,735)
Operating Profit/(Loss)	(47,229,732)	15,175,674	59,384,617	(63,892,751)	(54,191,427)	(175,397,630)
Profit/ (Loss) Before Tax	(52,865,581)	10,519,460	17,773,262	(69,037,173)	(97,609,730)	(175,816,394)
Profit/ (Loss) After Tax	(56,757,942)	1,008,509	12,641,569	(96,628,505)	(83,426,507)	(139,727,664)
Paid Up Capital	176,367,190	176,367,190	176,367,190	176,367,190	176,367,190	176,367,190
Current Assets	204,402,062	127,106,520	160,691,801	167,498,401	200,950,427	445,971,074
Current Liabilities	781,129,079	661,189,788	728,065,147	935,123,489	961,091,103	1,143,749,201
Production in '000' Kgs	-	-	1,240	3,620	1,094	6,704

Independent Auditor's Review Report

To the members of Shadman Cotton Mills Limited on the Statement of Compliance with the Code of Corporate Governance

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of Shadman Cotton Mills Limited for the year ended June 30, 2021 in accordance with the requirements of regulation 36 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Regulations.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out procedures to assess and determine the Company's process for identification of related parties and that whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended June 30, 2021.

Further, we highlight below instances of non-compliance with the requirements of the Code as reflected in the paragraph reference where these are stated in the Statement of Compliance:

Paragraph Reference Description	Paragraph Reference Description
19 (i)	i) The board was not able to comply with the requirements of Directors Training Program.

Place: Karachi
Dated: **November 05, 2021**

MUSHTAQ & CO
Chartered Accountants
Engagement Partner:
Zahid Hussain Zahid, FCA

Independent auditor's report to the members of Shadman Cotton Mills Limited Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of Shadman Cotton Mills Limited ('the Company'), which comprise the statement of financial position as at June 30, 2021, and the statement of profit or loss, the statement of other comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion except for the effects of the matters described in the Basis for Qualified Opinion section of our report, and to the best of our information and according to the explanations given to us, the statement of financial position, statement of profit or loss, the statement of other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2021 and of the loss, other comprehensive loss, the changes in equity and its cash flows for the year then ended.

Basis for Qualified Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

- a) As referred to in note 18.1.3 to these financial statements, during the year ended June 30, 2015, the company has reversed accrued interest/markup amounting to Rs.179.89 million payables to The Bank of Punjab based on the advice of the Company's legal advisor. Further the company has not recognized interest/markup on debt finances from July 01, 2015 to June 30, 2020 amounting to Rs.237.28 million and Rs.37.55 million during current year ended June 30, 2021 based on the advice of the Company's legal advisor. As a result of reversal, the interest/markup recognized in payable to The Bank of Punjab stands at 103.52 million as at June 30, 2021 as against Rs. 747.16 million claimed by bank including cost of funds. Had the reversal not been made and liability for interest/markup been recognized, the accumulated losses would have been higher by Rs. 454.73 million and profit for the period would have been reduced by Rs.37.55 million. The book balance of Running Finance facility from The Bank of Punjab is not reconciled with direct confirmation from the bank. There is a difference of Rs. 2.861 million between two sources.
- b) An amount of Rs.4.01 million of long term loan from Habib Bank Limited in note 9 has not been confirmed by the bank, also as referred to in note 18.1.2 to these financial statements, Company had not recognized expenses for the cost of suit and cost of funds on outstanding liability, the case is decreed in favour of Habib Bank Limited by the Banking Court, appeal of which had been filed in Honorable Lahore High Court. In the absence of any estimate, we are unable to calculate its impact on the financial statements.
- c) As referred in note 10.1 this liability of Rs. 18.316 million was payable to Excise and Taxation Officer (ETO) Government of Sindh. Company had filed the suit against ETO in Sindh High Court against this levy. No copy of suit filed provided to us neither legal advisor confirmed this suit in his direct confirmation. We were also unable to verify the bank guarantees issued in favor of Excise and Taxation Officer (ETO) Government of Sindh.
- d) Trade debts includes an amount receivable from LESCO of Rs. 16.198 million, this receivable is past due since 30th June, 2011. The balance is not directly confirmed by the party as the said balance is also under litigation. In our opinion, this past due balance has been impaired but no loss allowance in respect of this receivable balance has been made in the financial statements.

Shadman Cotton Mills Limited

- e) As disclosed in Note 18.1.5, a suit has been filed by the Meezan bank limited before the banking court, Lahore, against recovery of outstanding balance of ijarah rentals amounting to Rs. 51.419 million. Suit decreed by Banking Court for Rs. 28.54 million. Appeal of said decree has been filed in High Court. Bank's execution is also pending before Banking Court Lahore. We have not received bank confirmation for the said amount.

Material Uncertainty Related to Going Concern

We draw attention to note 2.2 in the financial statements which indicates that as at June 30, 2021, the Company has accumulated losses of Rs. 400.293 million. Its current liabilities exceed its current assets by Rs. 576.727 million. The Company has defaulted in repayment of its debt finances and interest/markup thereon amounting to Rs. 523.639 million. The providers of debts finances have filed recovery suits for recovery of these debts finances and interest/markup thereon. These factors indicate existence of material uncertainty that raises doubts about the Company's ability to continue as a going concern and that the Company may not be able to discharge its liabilities and realize its assets in the normal course of business. Our opinion is not modified in respect of this matter.

Key Audit Matter(s)

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matters described below to be the key audit matters to be communicated in our report:

S. No.	Key audit matter	How the matter was addressed in our audit
1.	<p>Defined Benefit Obligations (Gratuity)</p> <p>Refer to note no. 11 to the audited financial statements.</p> <p>The Company operates an unfunded gratuity plan, giving rise to net liability of Rs.5.99 million.</p> <p>The valuation of liability requires judgment and technical expertise in choosing appropriate assumptions. Changes in a number of the key assumptions, including:</p> <ul style="list-style-type: none"> – salary increase and inflation; – discount rate; and – Mortality. <p>All can have a material impact on the calculation of the liability. The Company uses external actuaries to assist in assessing these assumptions and calculations of these liabilities.</p> <p>The use of these actuaries increases the risk of error as data is passed to third parties for analysis and calculation purposes.</p>	<p>We evaluated the qualification of actuary and assessed, whether the assumptions used in valuation report for calculating the gratuity plan liabilities, including salary increases, inflation, mortality rate and discount rate assumptions, were reasonable and consistent with based on national and industry data. We were satisfied that the rates used fell within acceptable ranges.</p> <p>We understood and tested key controls over the completeness and accuracy of data extracted and supplied to the Company's actuary</p> <p>We also performed sample testing to agree underlying employee data, supporting human resources documentation and assessed the appropriateness of the closing liability based on known movements and assumptions. No issues were identified to raise concerns over the valuation of the gratuity liability.</p> <p>We also read and assessed the disclosures made in the financial statements, including disclosures of the assumptions, and found them to be appropriate.</p>

Shadman Cotton Mills Limited

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises directors' report and last six years' financial analysis but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017(XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

Shadman Cotton Mills Limited

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provided the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that except for the matters referred in Basis for Qualified Opinion section of our report, in our opinion:

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

The engagement partner on the audit resulting in this independent auditor's report is Zahid Hussain Zahid, FCA.

MUSHTAQ & CO
Chartered Accountants

Karachi.
Dated: November 05, 2021

Shadman Cotton Mills Limited

STATEMENT OF FINANCIAL POSITION AS AT JUNE 30, 2021

	Note	June 30, 2021 Rupees	June 30, 2020 Rupees
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
18,000,000 (2020: 18,000,000) ordinary shares of Rs. 10 each		180,000,000	180,000,000
Issued, subscribed and paid-up capital	5	176,367,190	176,367,190
Share premium reserve	6	53,218,752	53,218,752
Accumulated losses		(400,293,309)	(349,498,947)
Director's loan	7	120,000,000	120,000,000
Surplus on revaluation of property, plant and equipment	8	495,743,069	501,717,448
TOTAL EQUITY		445,035,702	501,804,444
NON-CURRENT LIABILITIES			
Long term finances - <i>secured</i>	9	-	-
Long term payables	10	41,118,479	43,759,499
Employee benefit obligation	11	5,993,171	2,930,556
		47,111,650	46,690,055
CURRENT LIABILITIES			
Trade and other payables	12	152,543,702	85,126,444
Accrued interest/markup	13	103,514,885	103,514,885
Short term borrowings	14	381,875,148	326,762,148
Current maturity of non-current liabilities	15	101,868,864	105,968,864
Current portion of GIDC payable		2,641,020	2,200,850
Lease rentals payable	16	28,544,690	28,544,690
Provision for taxation	17	10,140,770	9,071,907
		781,129,079	661,189,788
TOTAL LIABILITIES		828,240,729	707,879,843
CONTINGENCIES AND COMMITMENTS			
TOTAL EQUITY AND LIABILITIES		1,273,276,431	1,209,684,286
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	19	923,543,917	934,243,477
Investment property	20	117,149,678	120,153,516
Long term deposits - <i>unsecured, considered good</i>	21	28,180,774	28,180,774
Deferred taxation	22	-	-
		1,068,874,369	1,082,577,767
CURRENT ASSETS			
Stores, spares and loose tools	23	34,346,259	13,924,434
Stock in trade	24	82,866,581	20,127,893
Trade debts - <i>unsecured</i>	25	27,140,981	27,039,304
Loans and Advances	26	11,858,421	6,153,603
Trade deposits and short term prepayments	27	3,622,729	3,578,613
Other receivables	28	12,647,546	3,765,560
Tax refunds due from Government	29	28,430,894	11,971,417
Short term investments	30	2,449,619	13,139,784
Cash and bank balances	31	1,039,032	27,405,912
		204,402,062	127,106,520
TOTAL ASSETS		1,273,276,431	1,209,684,286

The annexed notes form an integral part of these financial statements.


CHIEF EXECUTIVE


CHIEF FINANCIAL OFFICER


DIRECTOR

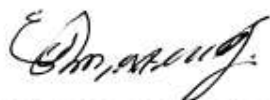
STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED JUNE 30, 2021

	Note	June 30, 2021 Rupees	June 30, 2020 Rupees
Turnover - net	32	110,031,908	111,554,212
Cost of sales	33	(165,587,176)	(136,658,852)
Gross profit / (loss)		(55,555,268)	(25,104,640)
Selling and distribution expenses	34	(6,444,764)	(421,416)
Administrative and general expenses	35	(33,053,440)	(22,769,915)
		(39,498,204)	(23,191,331)
Other income	36	47,823,740	63,471,646
Operating profit / (loss)		(47,229,732)	15,175,675
Finance cost	37	(126,157)	(397,877)
Other expenses	38	(5,509,692)	(4,258,337)
Profit / (loss) before taxation		(52,865,581)	10,519,461
Taxation	39	(3,892,361)	(9,510,951)
Profit / (loss) after taxation		(56,757,942)	1,008,510
Earnings / (loss) per share - basic and diluted	40	(3.22)	0.06

The annexed notes form an integral part of these financial statements.



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER



DIRECTOR

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED JUNE 30, 2021

	Note	June 30, 2021 Rupees	June 30, 2020 Rupees
Profit / (loss) after taxation for the year		(56,757,942)	1,008,510
Other comprehensive income			
<i>Items that will not be reclassified to profit or loss</i>			
Remeasurements of defined benefit obligation		(15,211)	352,154
Deferred tax on remeasurement of staff retirement benefits		4,411	(92,856)
		(10,800)	259,298
Revaluation surplus on PPE		-	-
Deferred tax on revaluation surplus of PPE		-	-
		-	-
Total comprehensive Profit / (loss)		(56,768,742)	1,267,808

The annexed notes form an integral part of these financial statements.


CHIEF EXECUTIVE


CHIEF FINANCIAL OFFICER


DIRECTOR

Shadman Cotton Mills Limited

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED JUNE 30, 2021

	Issued subscribed and paid-up capital	Share premium reserve	Revenue Reserve Accumulated Profit / (Loss)	Equity Portion of Directors Loan	Surplus on revaluation of property, plant & equipment	Total equity
	<i>Rupees</i>	<i>Rupees</i>	<i>Rupees</i>	<i>Rupees</i>	<i>Rupees</i>	<i>Rupees</i>
Balance as at July 01, 2019	176,367,190	53,218,752	(355,834,416)	120,000,000	506,785,111	500,536,637
Profit for the year	-	-	1,008,509	-	-	1,008,509
Other comprehensive income	-	-	259,297	-	-	259,297
Transaction with owners	-	-	-	-	-	-
Current year incremental depreciation- net off deferred tax	-	-	5,067,663	-	(5,067,663)	-
Surplus adjustment due to disposal of land and building	-	-	-	-	-	-
Balance as at June 30, 2020	<u>176,367,190</u>	<u>53,218,752</u>	<u>(349,498,947)</u>	<u>120,000,000</u>	<u>501,717,448</u>	<u>501,804,444</u>
Balance as at July 01, 2020	176,367,190	53,218,752	(349,498,947)	120,000,000	501,717,448	501,804,444
Profit for the year	-	-	(56,757,942)	-	-	(56,757,942)
Other comprehensive income	-	-	(10,800)	-	-	(10,800)
Transaction with owners	-	-	-	-	-	-
Incremental depreciation- net off deferred tax	-	-	5,974,379	-	(5,974,379)	-
Balance as at June 30, 2021	<u>176,367,190</u>	<u>53,218,752</u>	<u>(400,293,309)</u>	<u>120,000,000</u>	<u>495,743,069</u>	<u>445,035,702</u>


The annexed notes form an integral part of these financial statements.



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER



DIRECTOR

Shadman Cotton Mills Limited

STATEMENT OF CASH FLOW FOR THE YEAR ENDED JUNE 30, 2021

	Note	June 30, 2021 Rupees	June 30, 2020 Rupees
CASH FLOW FROM OPERATING ACTIVITIES			
Cash generated from/(used in) operations	41	(77,491,527)	41,272,026
Payments for:			
Employees retirement benefits		(396,249)	(1,168,886)
Finance cost		(126,157)	(47,802)
Income tax		(7,572,922)	(4,665,977)
Net cash used in operating activities		(85,586,855)	35,389,361
CASH FLOW FROM INVESTING ACTIVITIES			
Proceeds from disposal of property, plant and equipment		19,570,000	14,180,000
Purchase of property, plant and equipment		(22,355,891)	(19,653,182)
Short term investment		10,992,866	(11,841,002)
Net cash generated from investing activities		8,206,975	(17,314,184)
CASH FLOW FROM FINANCING ACTIVITIES			
Repayment of long term loan		(4,100,000)	-
Net (decrease) / increase in short term borrowings		55,113,000	(14,784,000)
Net cash (used in)/generated from financing activities		51,013,000	(14,784,000)
NET INCREASE IN CASH AND CASH EQUIVALENTS		(26,366,880)	3,291,177
CASH AND CASH EQUIVALENTS AS AT BEGINNING OF THE YEAR		27,405,912	24,114,735
CASH AND CASH EQUIVALENTS AS AT END OF THE YEAR	42	1,039,032	27,405,912

The annexed notes form an integral part of these financial statements.



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER



DIRECTOR

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

1 THE COMPANY AND ITS OPERATIONS

- 1.1 Shadman Cotton Mills Limited ('the Company') was incorporated in Pakistan as a public limited company on November 24, 1979 and is listed on Pakistan Stock Exchange Limited. The Company is engaged in the manufacturing and sale of yarn. The registered office of the Company is situated at 2/E, Block G, Mushtaq Ahmed Gurmani Road, Gulberg II, Lahore. Manufacturing facilities and land covering 358 Kanals of the company is located at 3.5 K.M, Feroz Watwan, Warburton Road, Kot Shah Mohammad tehsil, Nankana Sahib.

2 Basis of Preparation

2.1 Statement of compliance

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

- International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act 2017;
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.2 Appropriateness of the going concern assumption

The Company has been facing operational losses mainly due to decrease in selling prices in local as well as international markets, the on-going power crises, dumping of Indian yarn at low prices along with other factors, including economic instability and unfavorable textile policy of the Government, affecting the textile industry. The Company has not been able to utilize its production capacity at an optimum level due to which the desired profitability remained unachieved. The company is utilizing doubling segment considering the demand of doubled yarn and added export oriented apparel division during the year and the company have further plan to expand apparel division to strengthen the financial position and future growth of the company.

As a result, the company has accumulated losses of Rs. 400.293 million as at the reporting date. The company's current liabilities exceeds its current assets by Rs. 576.727 million. The company has negative operating cash flows amounting to Rs 85.586 million during the year ended June 30, 2021. The Company has defaulted in repayment of its debt finances and interest/mark-up thereon amounting to Rs. 523.639 million. The providers of debt finances have filed recovery suits for recovery of these debts finances and interest/mark-up thereon. These factors indicate existence of material uncertainty that raises doubts about the Company's ability to continue as a going concern. However, these financial statements have been prepared on going concern basis based on the following:

- a) In the opinion of Company's legal counsel the ongoing litigation between the Company and The Bank of Punjab regarding recovery of debt finances and interest/mark-up thereon will take a few years to conclude as such the Company will be able to settle its liabilities to The Bank of Punjab through the stream of cash flows from future sales.
- b) The management is taking steps towards reduction of fixed cost and rationalization of other expenses including right sizing of man power, resource conservation and close monitoring of fixed cost.
- c) The management has started utilizing the doubling segment considering the demand of doubled yarn in local and international markets and Company have plans to continue to generate revenue by doubling of yarn.

- d) The Company is operating export oriented apparel division and the company have further plan to expand apparel division to strengthen the financial position and future growth of the company.
- e) Directors have conveyed their commitment for providing continued financial support.

2.3 Basis of measurement

These financial statements have been prepared on the historical cost convention except for certain financial instruments at fair value and employees retirement benefits at present value. In these financial statements, except for cash flow statements, all transactions have been accounted for on accrual basis.

2.4 Functional and presentation currency

These financial statements are presented in Pakistani Rupees which is also the company's functional currency. All financial information presented in Pakistani Rupees has been rounded to the nearest Rupee.

2.5 Use of estimates and judgments

The preparation of financial statements in conformity with approved accounting standards, as applicable in Pakistan, requires management to make judgments, estimates and assumptions that affect the application of policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgments made by the management in the application of approved accounting standards, as applicable in Pakistan, that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 45 to these financial statements.

2.6 Standards, interpretations and amendments to published approved accounting standards

2.6.1 Standards, amendments to approved accounting standards and interpretations that are not yet effective and have not been early adopted by the company:

	Effective date (annual reporting periods beginning on or after
IAS 1 Presentation of financial statements (Amendments)	January 1, 2023
IAS 8 Accounting policies, changes in accounting estimates	January 1, 2023
IAS 12 Income Taxes (Amendments)	January 1, 2023
IAS 16 Property, Plant and Equipment (Amendments)	January 1, 2022
IAS 37 Provisions, Contingent Liabilities and Contingent Assets	January 1, 2022
IFRS 3 Business Combinations (Amendments)	January 1, 2022
IFRS 7 Financial Instruments : Disclosures (Amendments)	January 1, 2021
IFRS 9 Financial Instruments (Amendments)	January 1, 2021
IFRS 16 Leases (Amendments)	January 1, 2021

The management anticipates that adoption of above standards, amendments and interpretations in future periods, will have no material impact on the financial statements other than in presentation / disclosures.

Further, the following new standards and interpretations have been issued by the International Accounting Standards Board (IASB), which are yet to be notified by the Securities and Exchange Commission of Pakistan (SECP), for the purpose of their applicability in Pakistan:

- IFRS 1 First-time Adoption of International Financial Reporting Standards
- IFRS 17 Insurance contracts

The following interpretation issued by the IASB has been waived off by SECP:

- IFRIC 12 Service concession arrangements

As per Securities and Exchange Commission of Pakistan (SECP) SRO 985 (1)/ 2019, dated September 2, 2019, for companies holding financial assets due from Government of Pakistan, the requirements contained in IFRS 9 with respect to expected credit losses method shall not be applicable till June 30, 2021, provided that such companies shall follow relevant requirements of IAS 39 – Financial Instruments: Recognition and Measurement, in respect of above referred financial assets during the exemption period. The Company has assessed that the above SRO does not have any significant impact on its financial statements.

3 Summary of Significant Accounting Policies

3.1 Investment property

Property held for capital appreciation and rental yield, which is not in the use of the Company is classified as investment property. Investment Property comprises of building. The company has adopted cost model for its investment property.

3.2 Borrowings

Mark-up bearing borrowings are recognized initially at cost, less attributable transaction cost. Subsequent to initial recognition, mark-up bearing borrowings are stated at amortized cost with any difference between cost and redemption value being recognized in the income statement over the period of the borrowings on an effective interest basis.

3.3 Employee benefits

Short term employees benefits

The company recognizes the undiscounted amount of short term employee benefits to be paid in exchange for services rendered by employees as a liability after deducting amount already paid and as an expense in profit or loss unless it is included in the cost of inventories or property, plant and equipment as permitted or required by the approved accounting standards. If the amount paid exceeds the undiscounted amount of benefits, the excess is recognized as an asset to the extent that the prepayment would lead to a reduction in future payments or cash refund.

The Company provides for compensated absences of its employees on unavailed balance of leaves in the period in which the leaves are earned.

Post retirement benefits

Defined benefit plans

The Company operates an unfunded gratuity scheme (defined benefit plan) for all its permanent employees who have completed minimum qualifying period of service as defined under the respective scheme. Liability is adjusted annually to cover the obligation and the adjustment is charged to profit or loss. The determination of the Company's obligation under the scheme requires assumptions to be made of future outcomes, the principal ones being in respect of increases in remuneration, expected average remaining working lives of employees and discount rate used to derive present value of defined benefit obligation.

Amounts recognized in the balance sheet represent the present value of the defined benefit obligation as adjusted for unrecognized actuarial gains and losses and unrecognized past service cost.

Actuarial gains and losses are recognized in comprehensive income for the period in which these arise.

There is risk that the final salary at the time of cessation of service is greater than what the entity has assumed. Since the benefit is calculated on the final salary, the benefit amount would also increase

3.4 Taxation

Income tax expense comprises current tax and deferred tax. Income tax expense is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current

Current tax is the amount of tax payable on taxable income for the year, using tax rates enacted or substantively enacted by the reporting date, and any adjustment to the tax payable in respect of previous years. Provision for current tax is based on higher of the taxable income at current rates of taxation in Pakistan after taking into account tax credits, rebates and exemptions available, if any, or minimum of turnover. However, for income covered under final tax regime, taxation is based on applicable tax rates under such regime. The amount of unpaid income tax in respect of the current or prior periods is recognized as a liability. Any excess paid over what is due in respect of the current or prior periods is recognized as an asset.

Deferred

Deferred tax is accounted for using the balance sheet liability method providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for tax purposes. In this regard, the effects on deferred taxation of the portion of income that is subject to final tax regime is also considered in accordance with the requirement of "Technical Release - 27" of the Institute of Chartered Accountants of Pakistan. Deferred tax is measured at rates that are expected to be applied to the temporary differences when they reverse, based on laws that have been enacted or substantively enacted by the reporting date. A deferred tax liability is recognized for all taxable temporary differences. A deferred tax asset is recognized for deductible temporary differences to the extent that future taxable profits will be available against which temporary differences can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred tax is not recognized for timing differences that are not expected to reverse and for the temporary differences arising from the initial recognition of goodwill and initial recognition of assets and liabilities in a transaction that is not a business combination and that at the time of transaction affects neither the accounting nor the taxable profit.

3.5 Provisions

A provision is recognized in the balance sheet when the company has a legal or constructive obligation as a result of past events, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

3.6 Trade and other payables

Liabilities for trade and other amounts payable are recognized and carried at cost, which is the fair value of the consideration to be paid in the future for goods and services received, whether or not invoices to the company.

3.7 Dividend

Dividend is recognized as a liability in the period in which it is approved by shareholders.

3.8 Property, plant and equipment and depreciation

Owned assets

Operating fixed assets are measured at cost less accumulated depreciation and accumulated impairment losses with the exception of freehold land, which is stated at revalued amount, and buildings, plant and machinery which are carried at revalued amounts less accumulated depreciation. Cost comprises purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, and includes other costs directly attributable to the acquisition or construction, erection and installation.

Subsequent cost

The cost of replacing part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the company and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property, plant and equipment are recognized in profit or loss as incurred.

Depreciation

Depreciation is charged to income on reducing balance method over its estimated useful life at the rates specified in property, plant and equipment note. Depreciation on additions to property, plant and equipment is charged from the month in which an item is acquired or capitalized while no depreciation is charged for the month in which the item is disposed off.

The assets' residual values and useful lives are reviewed at each financial year end and adjusted if impact on depreciation is material.

The gain or loss on disposal of an asset represented by the difference between the sale proceeds and the carrying amount of the asset is recognized as an income or expense.

Impairment

Where the carrying amount of asset exceeds its estimated recoverable amount it is written down immediately to its recoverable amount.

3.9 Capital work in progress

Capital work in progress and stores held for capital expenditure are stated at cost and represents expenditure incurred on property, plant and equipment during construction and installation. Cost includes borrowing cost as referred in accounting policy of borrowing cost. Transfers are made to relevant property, plant and equipment category as and when assets are available for use.

3.10 Financial assets and liabilities

Financial assets

The Company classifies its financial assets at amortised cost, fair value through other comprehensive income or fair value through profit or loss on the basis of the Company's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

Amortised Cost

Assets that are held for collection of contractual cash flows where those cash flow represents solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets, impairment losses, foreign exchange gains and losses, and gain or loss arising on derecognition are recognised directly in profit or loss.

Fair value through other comprehensive income

Financial assets at fair value through other comprehensive income are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Fair value through profit or loss

Assets that do not meet the criteria for amortised cost or fair value through other comprehensive income or assets that are designated at fair value through profit or loss using fair value option, are measured at fair value through profit or loss. A gain or loss on debt investment that is subsequently measured at fair value through profit or loss is recognised in profit or loss in the period in which it arises.

Equity instrument financial assets are measured at fair value and subsequent to initial recognition changes in fair value of these financial assets are normally recognised in profit or loss. Dividends from such investments continue to be recognised in profit or loss when the Company's right to receive payment is established. Where an election is made to present fair value gains and losses on equity instruments in other comprehensive income there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment.

Financial assets and liabilities are initially measured at cost, which is the fair value of the consideration given and received respectively. These financial assets and liabilities are subsequently remeasured to fair value, amortized cost or cost as the case may be. Any gain or loss on the recognition and de-recognition of the financial assets and liabilities is included in the profit or loss for the period in which it arises.

Derecognition

Financial assets are derecognized when the Company loses control of the contractual rights that comprise the financial asset. Assets or liabilities that are not contractual in nature and that are created as a result of statutory requirements imposed by the Government are not the financial instruments of the Company.

3.11 Impairment

Financial Assets

The Company assesses on a forward looking basis the expected credit losses associated with its financial assets. The Company applies the simplified approach to recognise lifetime expected credit losses for trade debts, due from customers and contract assets. The Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Company considers a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Non-Financial Assets

The carrying amounts of non-financial assets are assessed at each reporting date to ascertain whether there is any indication of impairment. If such an indication exists, the asset's recoverable amount is estimated to determine the extent of impairment loss, if any. An impairment loss is recognized as an expense in the profit or loss. The recoverable amount is the higher of an asset's fair value less cost of disposal and value-in-use. Value-in-use is ascertained through discounting of the estimated future cash flows using a discount rate that reflects current market assessments of the time value of money and the risk specific to the assets. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). An impairment loss is reversed if there is a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

3.12 Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are set off and only the net amount is reported in the balance sheet when there is a legally enforceable right to set off the recognized amount and the company intends to either settle on a net basis, or to realize the asset and settle the liability simultaneously.

3.13 Stores and spares

Stores and spares are valued at lower of cost and net realizable value. Cost is determined on a weighted average basis. Items in transit are valued at cost comprising invoice value plus other charges incurred thereon.

3.14 Stock-in-trade

Stock-in-trade is stated at the lower of cost and net realizable value except waste which is valued at net realizable value. Cost is determined as follows.

Raw material	At weighted average cost or replacement cost whichever is lower
Work in progress	At average manufacturing cost
Finished goods	At average manufacturing cost or net realizable value whichever is lower
Waste	Net realizable value

Raw material in transit is stated at invoice price plus other charges paid thereon upto the balance sheet date.

Average manufacturing cost in relation to work in process and finished goods, consist of direct material and proportion of manufacturing overheads based on normal capacity.

Net realizable value is the estimated selling price in the ordinary course of business less costs of completion and selling expenses.

3.15 Trade debts and other receivables

Trade debts and other receivables are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing component in which case such are recognised at fair value. The Company holds the trade debts with the objective of collecting the contractual cash flows and therefore measures the trade debts subsequently after deducting allowance for ECLs.

3.16 Cash and cash equivalents

Cash and cash equivalents comprise cash balances, cash in transit and balances with bank for the purpose of cash flow statement.

3.17 Revenue recognition

According to the core principles of IFRS-15, the company recognizes the revenue from sale when the company satisfies a performance obligation (at a point of time) by transferring promised goods to customers being when the goods are dispatched to customers. Revenue is measured at fair value of the consideration received or receivable and is reduced for allowances such as taxes, duties, commission, sales returns and discounts.

Interest income is recognized on the basis of constant periodic rate of return.

Dividend income is recognized when the right to receive dividend is established i.e. the book closure date of the investee company declaring the dividend.

Unrealised gains / (losses) arising on revaluation of securities classified as 'fair value through other comprehensive income' are included in other comprehensive income in the period in which they arise.

Unrealised gains / (losses) arising on revaluation of securities classified as 'fair value through profit or loss' are included in profit or loss in the period in which they arise.

3.18 Borrowing costs

Borrowing costs incurred on long term finances directly attributable for the construction / acquisition of qualifying assets are capitalized up to the date, the respective assets are available for the intended use. All other mark-up, interest and other related charges are taken to the profit and loss account currently.

3.19 Ijarah

Leases in which the significant portion of risks and rewards and ownership is retained by the lessor are classified as Ijarah. Payments made under Ijarah agreements are charged to statement of profit or loss on straight line basis over the lease term of Ijarah agreement.

3.20 Foreign currency translation

Foreign currency transactions are translated into Pak Rupees at exchange rates prevailing on the date of transaction. Monetary assets and liabilities in foreign currencies are retranslated into Pak Rupees at the rates of exchange prevailing at the balance sheet date.

Exchange differences, if any, are taken to profit and loss account.

3.21 Transactions with related party

Transactions with related parties are priced at comparable uncontrolled market price. All transactions involving related parties arising in the normal course business are conducted at arm's length using valuation models, as admissible. Parties are said to be related when they meet the definition as provided in the Companies Act, 2017.

4 Capital Management

The company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The board of directors monitors the return on capital and level of dividends to ordinary shareholders. The company seeks to keep a balance between the higher return that might be possible with higher level of borrowings and the advantages and security afforded by a sound capital position. There were no changes in the company's approach to capital management during the year. Further the company is not subject to externally imposed capital requirements.

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5 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2021	2020		2021	2020
No. of shares	No. of shares		Rupees	Rupees
Ordinary shares of Rs. 10 each				
11,627,344	11,627,344	Issued for cash	116,273,440	116,273,440
6,009,375	6,009,375	Issued as fully paid bonus shares	60,093,750	60,093,750
17,636,719	17,636,719		176,367,190	176,367,190

6 SHARE PREMIUM RESERVE

This represents premium on issue of right ordinary shares recognized under Section 83(1) of the repealed Companies Ordinance,

7 DIRECTOR'S LOAN

This represents interest free loan from directors and repayable at the discretion of the Company. Therefore, this amount is accounted for in accordance with the 'Technical Release- 32' issued by ICAP and is classified under equity.

8 SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT (NET OF DEFERRED TAX)

	Note	2021	2020
		Rupees	Rupees
As at beginning of the year		501,717,448	506,785,111
Surplus arising on land		-	-
Surplus arising on building		-	-
Incremental depreciation recognized in other comprehensive income			
Incremental depreciation for the year		(8,414,618)	(7,137,553)
Deferred taxation		2,440,239	2,069,890
		(5,974,379)	(5,067,663)
Surplus adjustment/ transfer due to disposal of land & building		-	-
Deferred tax adjustment due to revaluation on building		-	-
Deferred tax adjustment attributable to changes in tax rates		-	-
As at end of the year		495,743,069	501,717,448

9 LONG TERM FINANCES - SECURED

	Note	2021	2020
		Rupees	Rupees
These represent long term finances utilized under interest/markup arrangements from banking companies			
The Bank of Punjab - Demand finance - I	9.1	17,863,256	17,863,256
The Bank of Punjab - Demand finance - II	9.2	80,000,000	80,000,000
Habib Bank Limited - Term finance	9.3	4,005,608	8,105,608
		101,868,864	105,968,864
Current maturity presented under current liabilities		(101,868,864)	(105,968,864)
		-	-

- 9.1** The finance was obtained from The Bank of Punjab to finance capital expenditure and is secured by charge over operating fixed assets of the Company. The finance carried interest/markup at 7% per annum, payable quarterly. The finance was repayable in ten equal half yearly installments with the first installment was due in September 2010. The entire outstanding balance is over due as at the reporting date. Refer to note 18.1.1 for details of litigation between the Company and The Bank of Punjab regarding recovery of
- 9.2** The finance was obtained from The Bank of Punjab to finance capital expenditure and is secured by charge over operating fixed assets of the Company. The finance carried interest/markup at six months KIBOR plus 2% per annum payable semi annually. The finance was repayable in eight equal half yearly installments with the first installment was due in October 2010. The entire outstanding balance is over due as at the reporting date. Refer to note 18.1.1 for details of litigation between the Company and The Bank of Punjab regarding recovery of this amount.
- 9.3** The finance was obtained from Habib Bank Limited to finance capital expenditure and was secured by charge over operating fixed assets of the Company. The finance carried interest/markup at three months KIBOR plus 1.50% per annum, payable quarterly. The finance was repayable in eighteen equal monthly installments with the first installment was due in June 2010. The entire outstanding balance is over due as at the reporting date. Refer to note 18.1.2 for details of litigation between the Company and Habib Bank Limited regarding recovery of this amount.

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9.4 For restrictions on title, and assets pledged as security, refer to note 48 to the financial statements.

10	Long term payables	Note	2021 Rupees	2020 Rupees
	Infrastructure fee payable - ETO	10.1	18,316,926	18,316,926
	Infrastructure cess payable - Gas	10.2	22,801,553	25,442,573
			41,118,479	43,759,499

10.1 Movement in liability recognized in the statement of financial position-ETO

	Note	2021	2020
Balance at beginning of the year		18,316,926	18,316,926
Accrued for the year		-	-
Paid during the year		-	-
		18,316,926	18,316,926

This represents infrastructure cess levied by Excise and Taxation Officer ('ETO') Government of Sindh on movement of imported goods entering the Sindh Province from outside Pakistan. The Company and others have filed a suit before the Sindh High Court ('SHC') challenging the levy. The Supreme Court of Pakistan through order has declared all levies and collections before December 26, 2008 to be invalid. During the pendency of decision on the levies and collections on or after December 26, 2008, SHC has directed the petitioners to pay 50% of liability for levies on or after December 26, 2008 to ETO and to arrange bank guarantees for the remaining amount in favour of ETO. The liability represents 50% of levies after December 26, 2008 against which guarantees have been arranged in favour of ETO (see note).

10.2 Movement in liability recognized in the statement of financial position-Gas

	Note	2021	2020
Balance at beginning of the year		27,643,423	27,643,423
Accrued for the year		-	-
Paid during the year		(2,200,850)	-
		25,442,573	27,643,423
Less: Current maturity		(2,641,020)	(2,200,850)
		22,801,553	25,442,573

11 Employee benefit obligation

Movement in present value of defined benefit obligation

	Note	2021 Rupees	2020 Rupees
As at beginning of the year		2,930,556	2,934,237
Charged / (credit) to profit or loss for the year	11.2	3,443,653	1,517,358
Benefits paid during the year		(396,249)	(1,168,886)
Remeasurements recognized in other comprehensive income	11.4	15,211	(352,153)
As at end of the year		5,993,171	2,930,556

11.2 Charge to profit or loss

Current service cost		3,211,396	1,223,634
Interest cost		232,257	293,724
		3,443,653	1,517,358

11.3 The charge to profit or loss has been allocated as follows

Cost of sales	33	320,012	141,005
Administrative and general expenses	35	3,123,641	1,376,353
		3,443,653	1,517,358

11.4 Remeasurements recognized in other comprehensive income

Actuarial loss arising from changes in:			
Demographic assumptions		-	-
Financial assumptions		-	-
Experience adjustments		15,211	(352,153)
		15,211	(352,153)

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11.5 Principal actuarial assumptions

Present value of defined benefit obligation has been determined using projected unit credit method. The liability as at the reporting date is based on actuarial valuation carried out by independent actuaries. The principal assumptions used in determining present value of defined benefit obligation are:

	2021	2020
Discount rate	10%	8.50%
Expected rates of increase in salary	9%	7.50%
Expected average remaining working lives of employees	8 years	9 years

11.6 Average duration of the defined benefit obligation

The average duration of the defined benefit obligation is 7 years.

11.7 Expected charge to profit or loss for the next financial year

The expected charge to profit or loss for the year ending June 30, 2022 amounts to Rs. 4.619 million.

11.8 Sensitivity analysis

An analysis of sensitivity for discount rate and expected rate of increase in salary used to determine the present value of defined benefit obligation as at the reporting date showing how the defined benefit obligation would have been affected by changes in relevant actuarial assumption that were reasonably possible at that date is as follows:

	2021		2020	
	Change in actuarial assumption	Defined benefit obligation	Change in actuarial assumption	Defined benefit obligation
		Rupees		Rupees
Discount rate	+ 1%	5,590,007	+ 1%	2,376,998
	- 1%	6,425,554	- 1%	3,585,155
Expected rate of increase in salary	+ 1%	6,425,412	+ 1%	3,585,155
	- 1%	5,589,939	- 1%	2,367,443

A change in expected remaining working lives of employees is not expected to have a material impact on the present value of defined benefit obligation. Accordingly, the sensitivity analysis for the same has not been carried out.

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated. Furthermore, in presenting the above sensitivity analysis, the present value of defined benefit obligation as at the reporting date has been calculated using projected unit credit method, which is the same as that applied in calculating the defined benefit obligation to be recognized in these financial statements.

	Note	2021	2020
		Rupees	Rupees
12 TRADE AND OTHER PAYABLES			
Trade creditors - <i>Unsecured</i>		124,502,551	50,295,176
Accrued liabilities		15,700,696	10,310,219
Advances from customers - <i>Unsecured</i>		8,491,629	19,619,606
Workers' Profit Participation Fund	12.1	-	633,211
Other payables - <i>Unsecured</i>		3,848,826	4,268,232
		152,543,702	85,126,444
12.1 Workers' Profit Participation Fund			
As at beginning of the year		633,211	2,899,060
Charged during the year		-	633,211
Interest on funds utilized by the Company		46,650	350,075
		679,861	3,882,346
Less: Paid during the year		(679,861)	(3,249,135)
As at end of the year		-	633,211

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12.1.1 Interest has been charged at 9.85% (2020: 16.13%) per annum.

12.2 Workers' Welfare Fund

As at beginning of the year
Charged to profit or loss for the year
Paid during the period
As at end of the year

Note	2021 Rupees	2020 Rupees
	-	45,237
	-	-
	-	(45,237)
	-	-

13 ACCRUED INTEREST/MARKUP

Long term finance
Short term borrow ings

Note	2021 Rupees	2020 Rupees
	39,813,820	39,813,820
	63,701,065	63,701,065
	103,514,885	103,514,885

13.1 The entire balance of accrued interest/mark-up represents overdue interest/mark-up. Refer to note 18 for details of litigation between the Company and lending banks regarding recovery of this amount.

14 SHORT TERM BORROWINGS

Secured

These represent short term finances utilized under interest/markup arrangements from banking companies

Borrow ings from Banking companies

Note	2021 Rupees	2020 Rupees
14.1	289,710,774	293,712,774

Unsecured-from related parties

Loan from Directors
Delta oil mills (pvt) limited-associate

14.2	60,949,374	33,049,374
14.3	31,215,000	-
	381,875,148	326,762,148

14.1 These facilities were obtained from various banking companies for working capital requirements and are secured by charge over all present and future current assets of the Company. These carried markup at the rates ranging from three month to six months KIBOR plus 1.35% to 2% per annum payable quarterly. These facilities have expired and the entire outstanding balance is overdue as at the reporting date. Refer to note 18 for details of litigation between the Company and lending banks regarding recovery of this amount.

14.2 This represents temporary loan obtained from director of the Company to meet working capital requirements. The loan is unsecured and interest free.

14.3 These are unsecured and interest free loans payable to associated undertakings on demand. These loans were acquired to meet the working capital requirements of the Company.

14.4 For restrictions on title, and assets pledged as security, refer to note 48 to the financial statements.

15 CURRENT MATURITY OF NON-CURRENT LIABILITIES

Long term finances

Note	2021 Rupees	2020 Rupees
9	101,868,864	105,968,864

16 IJARA LEASE RENTALS PAYABLE

Ijara rentals payable

28,544,690 28,544,690

16.1 These represent Ijarah obtained under sale and lease back arrangements for acquiring plant and machinery. The lease was priced at three months KIBOR plus 1.75% per annum, subject to floor and cap of 10% and 24% per annum respectively. Lease rentals were payable quarterly over a tenor of three years with the first installment due from November 2012. Under the terms of agreement, taxes, repairs, replacements and insurance costs in respect of assets subject to Ijarah lease are borne by the Company. The lease term has expired and the entire outstanding balance represents overdue installments.

Note	2021 Rupees	2020 Rupees
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Shadman Cotton Mills Limited

17 PROVISION FOR TAXATION

Taxation		<u>10,140,770</u>	<u>9,071,907</u>
17.1 Taxation			
Balance at the beginning		9,071,907	5,282,190
Provision made during the year		<u>10,140,770</u>	<u>9,071,907</u>
		19,212,677	14,354,097
Adjusted during the year		<u>(9,071,907)</u>	<u>(5,282,190)</u>
		10,140,770	9,071,907

18 CONTINGENCIES AND COMMITMENTS

18.1 Contingencies

18.1.1 The Company is contesting recovery suit filed by The Bank of Punjab in year 2011 amounting to Rs. 577.391 million on account of principal and markup claimed in the suit along with cost of funds, estimated at Rs. 702.75 million upto June 30, 2021, and all other claims arising therein till realization. A counter suit has been filed by the Company against The Bank of Punjab, before the Lahore High Court wherein, besides other payers, the Company has claimed Rs. 744.348 million on account of acts and omission committed by the Bank against the Company. The suits is pending before the Lahore High Court and has been fixed for arguments.

18.1.2 The Company is contesting recovery suite filed by Habib Bank Limited amounting to Rs. 8.996 million on account of principal and markup claimed in the suit. The suit was decreed by the Banking Court for an amount of Rs. 8.105 million. Appeal is pending in Lahore High Court. During the year ended June 2021, an amount of Rs. 4.1 million was paid through Court.

18.1.3 During the year ended June 30, 2015, the company has reversed accrued interest/markup amounting to Rs.179.89 million payable to The Bank of Punjab based on the advice of the Company's legal advisor. Further the company has not recognized interest/markup on debt finances from July 01, 2015 to June 30, 2020 amounting to Rs.237.28 million and Rs.37.55 million during the year ended June 30, 2021, based on the advice of the Company's legal advisor.

18.1.4 A suit has been filed by the company before the Civil Court, Lahore against recovery of outstanding balance amounting to Rs. 16.113 million from Lahore Electric Supply Company (LESCO). The case is pending in court however legal advisor is of the view that the outcome of the case will be in favor of the company.

18.1.5 A suit has been filed by the Meezan bank limited before the banking court, Lahore, against recovery of outstanding balance of ijara rentals amounting to Rs. 51.419 million. Suit decreed by Banking Court for Rs. 28.54 million. Appeal of said decree has been filed in High Court. Bank's execution is also pending before Banking Court Lahore.

18.2 Commitments

18.2.1 There are no known commitments as at the reporting date.

	<i>Note</i>	<u>2021</u>	<u>2020</u>
		<i>Rupees</i>	<i>Rupees</i>
19 PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	19.1	923,543,917	932,745,235
Capital work in progress	19.1.4	-	1,498,242
		<u>923,543,917</u>	<u>934,243,477</u>

SHADMAN COTTON MILLS LIMITED

NOTES TO AND FORMING PART OF FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

19.1 Operating fixed assets

2021													
	COST/REVALUED AMOUNT						DEPRECIATION				Net book		
	As at	Additions	Disposals	Transfers	As at	Rate	As at	For	Adjustment	As at	value as at	Transfer to In-	Net book
	July 01, 2020	Rupees	Rupees	Rupees	June 30, 2021	%	July 01, 2020	the period	Rupees	June 30, 2021	June 30, 2021	vestment Pro- perty at WDV	value as at June 30, 2021
Assets owned by the Company													
Freehold land	309,025,000	-	-	-	309,025,000	-	-	-	-	-	309,025,000	-	309,025,000
Buildings	274,305,000	-	-	-	274,305,000	2.5%	15,152,673	6,478,808	-	21,631,481	252,673,519	-	252,673,519
Plant and machinery	371,845,004	14,755,891	(30,255,350)	1,498,242	357,843,787	2.5%	20,129,382	8,704,828	(17,509,219)	11,324,991	346,518,796	-	346,518,796
Office equipment	6,101,286	-	-	-	6,101,286	10%	4,664,728	143,656	-	4,808,384	1,292,902	-	1,292,902
Furniture and fixtures	4,190,286	-	-	-	4,190,286	10%	3,145,482	104,480	-	3,249,962	940,324	-	940,324
Vehicles	26,990,884	7,600,000	(3,092,000)	-	31,498,884	20%	16,619,960	3,261,603	(1,476,055)	18,405,508	13,093,376	-	13,093,376
	992,457,460	22,355,891	(33,347,350)	1,498,242	982,964,243		59,712,225	18,693,375	(18,985,274)	59,420,326	923,543,917	-	923,543,917

2020													
	COST/REVALUED AMOUNT						DEPRECIATION				Net book		
	As at	Additions	Disposals	Transfers	As at	Rate	As at	For	Disposals	As at	value as at	Transfer to In-	Net book
	July 01, 2019	Rupees	Rupees	Rupees	June 30, 2020	%	July 01, 2019	the period	Rupees	June 30, 2020	June 30, 2020	vestment Pro- perty at WDV	value as at June 30, 2020
Assets owned by the Company													
Freehold land	309,025,000	-	-	-	309,025,000	-	-	-	-	-	309,025,000	-	309,025,000
Buildings	448,474,249	-	-	-	448,474,249	2.5%	59,456,096	7,598,731	-	67,054,827	381,419,422	(122,267,095)	259,152,327
Plant and machinery	364,394,304	7,450,700	-	-	371,845,004	2.5%	11,301,917	8,827,465	-	20,129,382	351,715,622	-	351,715,622
Office equipment	6,101,286	-	-	-	6,101,286	10%	4,505,111	159,617	-	4,664,728	1,436,558	-	1,436,558
Furniture and fixtures	3,790,036	400,250	-	-	4,190,286	10%	3,066,453	79,029	-	3,145,482	1,044,804	-	1,044,804
Vehicles	29,949,067	10,303,990	(13,262,173)	-	26,990,884	20%	22,423,993	1,897,208	(7,701,241)	16,619,960	10,370,924	-	10,370,924
	1,161,733,942	18,154,940	(13,262,173)	-	1,166,626,709		100,753,570	18,562,050	(7,701,241)	111,614,379	1,055,012,330	(122,267,095)	932,745,235

SHADMAN COTTON MILLS LIMITED

NOTES TO AND FORMING PART OF FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

19.1.1 Disposal of operating fixed assets

	Cost	Accumulated depreciation	Net book value	Disposal proceeds	Gain/(loss) on disposal	Mode of disposal	Particulars of buyer
Rupees.....						
Vehicles							
Honda Civic LEH-18-9091	2,787,000	1,179,211	1,607,789	3,730,000	2,122,211	Negotiation	Mr. Muhammad Zahid, UET housing society Valencia town
Suzuki Mehran LZM-1133	305,000	296,844	8,156	330,000	321,844	Negotiation	Mr. Khurram Ellahi, mohallah meo colony, bank stop ismail nagar Lahore cantt
Plant & Machinery							
Ring Frames	30,255,350	17,509,219	12,746,131	15,510,000	2,763,869	Negotiation	Cottonera (Pvt) Ltd. 28-km multan road lahore
2021	<u>33,347,350</u>	<u>18,985,274</u>	<u>14,362,076</u>	<u>19,570,000</u>	<u>5,207,924</u>		
Vehicles							
Toyota Corolla LED-08-8069	2,075,908	1,739,706	336,202	880,000	543,798	Negotiation	Mr. Muhammed Faraz
Toyota Land Cruiser AKU-891	11,186,265	5,961,535	5,224,730	13,300,000	8,075,270	Negotiation	Mr. Muhammad Rizwan
2020	<u>13,262,173</u>	<u>7,701,241</u>	<u>5,560,932</u>	<u>14,180,000</u>	<u>8,619,068</u>		

SHADMAN COTTON MILLS LIMITED

NOTES TO AND FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

	Note	2021 Rupees	2020 Rupees
19.1.2 The depreciation charge for the year has been allocated as follow s:			
Cost of sales	33	15,183,636	16,426,196
Administrative and general expenses	35	3,509,739	2,135,854
		18,693,375	18,562,050

19.1.3 Most recent valuation of land, building and plant and machinery of the Company was carried out by an independent valuer Messrs Spell Vision as on June 30, 2018. For basis of valuation and other fair value measurement disclosures refer to note 47.

Had there been no revaluation, the cost, accumulated depreciation and net book values of revalued items would have been as follow s:

	2021		
	Cost Rupees	Accumulated depreciation Rupees	Net book value Rupees
Freehold land	47,334,333	-	47,334,333
Building	14,121,350	1,178,711	12,942,639
Plant and machinery	356,345,545	11,025,567	345,319,978
	2020		
	Cost Rupees	Accumulated depreciation Rupees	Net book value Rupees
Freehold land	47,334,333	-	47,334,333
Building	14,947,027	825,677	14,121,350
Plant and machinery	371,845,004	20,129,382	351,715,622

19.1.4 Capital work in progress

	2021			
	As at July 01, 2020 Rupees	Additions Rupees	Transfers Rupees	As at 2021 Rupees
Building	1,498,242	-	(1,498,242)	-
	1,498,242	-	(1,498,242)	-
	2020			
	As at July 01, 2019 Rupees	Additions Rupees	Transfers Rupees	As at June 30, 2020 Rupees
Plant & Machinery	-	1,498,242	-	1,498,242
	-	1,498,242	-	1,498,242

19.1.5 This freehold land and building of 358 Kanals is located at 21 KM, Sheikhpura Road, Ferozwa ttw an, Off 3.5 KM Warburton Road, Hadbast Mauza, Kot Shah Muhammad, Tehsil Nankana, District, Sheikhpura.

19.1.6 Forced sales value as per the last revaluation report as of June 30, 2018

Asset class	Forced sale value
Freehold land	286,042,000
Building on freehold land	302,168,625
Plant and machinery	314,500,000
	902,710,625

Shadman Cotton Mills Limited

20	INVESTMENT PROPERTY	Note	2021	2020
			Rupees	Rupees
	Carrying value as at July 01		120,153,516	-
	Transfer from fixed assets		-	122,267,095
	Depreciation charged during the period		3,003,838	2,113,579
	Net book value as at June 30		117,149,678	120,153,516
	Gross carrying value as at June 30			
	Cost		122,267,095	122,267,095
	Accumulated depreciation		5,117,417	2,113,579
			117,149,678	120,153,516
20.1	Depreciation is charged by reducing balance method at the rate % per annum		2.50%	2.50%
20.2	Depreciation charged for the period has been allocated as			
	Other Operating Expenses		3,003,838	2,113,579
20.3	The market value of investment property was assessed by independent valuers June 30, 2021 as Rs. 135 million (2020: Rs. 130 million). Valuation of property has been determined by obtaining key market dealers and estate agents to ascertain the asking and selling price of properties of the same nature in the immediate neighborhood and adjoining areas.			
21	LONG TERM DEPOSITS	Note	2021	2020
			Rupees	Rupees
	Security deposits			
	- LESCO		11,343,203	11,343,203
	- SNGPL		14,668,324	14,668,324
	- Others		2,169,247	2,169,247
			28,180,774	28,180,774
22	DEFERRED TAXATION			
22.1	Revenue from export sales of the Company is subject to taxation under the final tax regime, while the remaining portion of revenue attracts assessment under normal provisions of the Ordinance. Deferred tax is not presented as company is expecting income under final tax regime in the future years that is taxable under section 154 (3) of the Income Tax Ordinance,			
23	STORES, SPARES AND LOOSE TOOLS	Note	2021	2020
			Rupees	Rupees
	Stores		-	4,534,144
	Spares		71,751,200	46,295,107
	Loose tools		-	500,124
			71,751,200	51,329,375
	Less: Impairment allowance for obsolete stores, spares and loose tools		(37,404,941)	(37,404,941)
			34,346,259	13,924,434
	Add: Store in transit		-	-
			34,346,259	13,924,434
23.1	There are no stores, spares and loose tools held exclusively for capitalization.			
24	STOCK IN TRADE			
	Raw material		11,899,909	4,414,529
	Work in process		44,575,402	-
	Finished goods		26,291,270	15,713,364
	Waste		100,000	-
			82,866,581	20,127,893

Shadman Cotton Mills Limited

		Note	2021 Rupees	2020 Rupees
25	TRADE DEBTS - UNSECURED			
	Local			
	considered good		27,140,981	24,214,442
	considered doubtful		54,411,391	53,911,391
			81,552,372	78,125,833
	Foreign			
	considered good		-	2,824,862
	considered doubtful		5,927,748	3,921,894
			5,927,748	6,746,756
			87,480,120	84,872,589
	Loss allowance for ECL on trade debts		(60,339,139)	(57,833,285)
			27,140,981	27,039,304
25.1	Loss allowance for ECL on trade debts			
	As at beginning of the year		57,833,285	56,417,562
	Recovered during the year		-	(95,824)
	Written off during the year		-	-
	Reversed during the year		-	-
	Recognized during the year		2,505,854	1,511,547
	As at end of the year		60,339,139	57,833,285
26	LOANS AND ADVANCES			
	Considered Good			
	Advances to suppliers - <i>unsecured</i>		10,969,731	5,920,584
	Advances to employees - <i>unsecured, considered good</i>	26.1	888,690	233,019
			11,858,421	6,153,603
26.1	These represent advances to employees for purchases and expenses on behalf of the Company and those against future salaries and post employment benefits in accordance with the Company policy. These advances do not carry any interest or markup.			
27	TRADE DEPOSITS AND SHORT TERM PREPAYMENTS	Note	2021 Rupees	2020 Rupees
	Security deposits		3,500,000	3,500,000
	Prepaid insurance vehicle		122,729	78,613
			3,622,729	3,578,613
28	OTHER RECEIVABLES			
	considered good		12,647,546	3,765,560
	considered doubtful		1,507,300	1,507,300
			14,154,846	5,272,860
	Less: Provision for doubtful receivables	28.1	(1,507,300)	(1,507,300)
			12,647,546	3,765,560
28.1	Movement in provision for doubtful other receivables			
	As at beginning of the year		1,507,300	-
	Recognized during the year		-	1,507,300
	Write off during the year		-	-
	As at end of the year		1,507,300	1,507,300
29	TAX REFUNDS DUE FROM GOVERNMENT			
	Advance income tax		13,036,221	8,282,386
	Sales tax refundable		14,843,151	3,137,509
	Special excise duty		551,522	551,522
			28,430,894	11,971,417

Shadman Cotton Mills Limited

30 SHORT TERM INVESTMENTS

This represents investment in listed equity securities held for trading classified as "financial assets at fair value through profit or loss". Particulars of investments are as follows:

	<i>Note</i>	2021 <i>Rupees</i>	2020 <i>Rupees</i>
Cost		2,164,559	11,916,502
Fair value adjustment		285,060	1,223,282
		2,449,619	13,139,784

30.1 Market value of investments

	Market ValuesRupees.....	
MCB Bank 357 (2020: 357) shares	57,059	57,859
Mughal Steel Nil (2020: 25,000) shares	-	997,000
Nishat Chunian Ltd. Nil (2020: 37,500) shares	-	1,216,875
Nishat Mills Ltd. Nil (2020: 25,000) shares	-	1,950,250
Cherat Cement Ltd. Nil (2020: 25,000) shares	-	2,179,250
Kohat Cement Ltd. Nil (2020: 15,000) shares	-	2,061,750
Pak Petroleum Ltd. Nil (2020: 40,000) shares	-	3,471,200
Engro Fertilizers Ltd. Nil (2020: 20,000) shares	-	1,205,600
Fauji Fertilizer Company 7000 (2020: Nil) shares	742,700	-
Oil & gas Development Co.7000 (2020: Nil) shares	665,210	-
Pakistan Oil Fields Ltd. 2500 (2020: Nil) shares	984,650	-
	2,449,619	13,139,784

31 CASH AND BANK BALANCES

Cash in hand	92,220	16,060
Cash at banks		
current accounts	896,827	6,550,603
deposit/saving accounts	49,985	20,839,249
	946,812	27,389,852
	1,039,032	27,405,912

31.1 Effective markup rate in respect of deposit/saving accounts, for the year, ranges from 5.50% to 11.38% (2020: 6.50% to 12.25%).

32 TURNOVER - NET

	2021		
	Local <i>Rupees</i>	Export <i>Rupees</i>	Total <i>Rupees</i>
Yarn	3,646,071	-	3,646,071
Apparel Sales	-	104,665,593	104,665,593
Waste	-	-	-
Raw material	-	-	-
Processing services	2,250,015	-	2,250,015
	5,896,086	104,665,593	110,561,679
Sales tax	(529,771)	-	(529,771)
	5,366,315	104,665,593	110,031,908
	2020		
	Local <i>Rupees</i>	Export <i>Rupees</i>	Total <i>Rupees</i>
Yarn	123,230,250		123,230,250
Apperal	-	3,568,563	3,568,563
Waste	-	-	-
Raw material	-	-	-
Processing services	3,245,888	-	3,245,888
	126,476,138	3,568,563	130,044,701
Sales tax	(18,490,489)	-	(18,490,489)
	107,985,649	3,568,563	111,554,212

Shadman Cotton Mills Limited

		Note	2021 <i>Rupees</i>	2020 <i>Rupees</i>
33	COST OF SALES			
	Raw material consumed	33.1	90,916,219	4,049,850
	Fabric consumed		-	
	Stores, spares and loose tools consumed		39,311,692	1,903,020
	Salaries, wages and benefits		56,007,904	15,357,593
	Power and fuel		9,793,204	12,754,677
	Insurance		160,030	-
	Repair and maintenance		3,045,638	827,324
	Travelling and conveyance		1,650,266	341,826
	Depreciation	19.1.2	15,183,636	16,426,196
	Others		4,771,895	1,374,103
	Manufacturing cost		220,840,484	53,034,589
	Work in process			
	As at beginning of the year		-	531,244
	As at end of the year		(44,575,402)	-
			(44,575,402)	531,244
	Cost of goods manufactured		176,265,082	53,565,833
	Finished goods			
	As at beginning of the year		15,713,364	10,533,863
	Purchased during the year		-	88,272,520
	As at end of the year		(26,391,270)	(15,713,364)
			(10,677,906)	83,093,019
			165,587,176	136,658,852
33.1	Raw material consumed			
	As at beginning of the year	Note	4,414,529	4,414,529
	Purchased during the year		98,401,599	4,049,850
	Sold during the year		-	-
	As at end of the year		(11,899,909)	(4,414,529)
			90,916,219	4,049,850
33.2	These include charge in respect of employees retirement benefits amounting to Rs.1,804,000 (2020: Rs. 141,005).			
		Note	2021 <i>Rupees</i>	2020 <i>Rupees</i>
34	SELLING AND DISTRIBUTION EXPENSES			
	Local			
	Freight and handling		-	343,610
	Commission		233,544	-
	Forwarding charges		2,464,522	55,019
			2,698,066	398,629
	Export			
	Ocean freight		2,092,837	-
	Commission on export		-	-
	Export development surcharge		247,461	-
	Export trailer charges		292,934	-
	Export bank charges		940,440	22,787
	Quality claim		-	-
	Others		173,026	-
			3,746,698	22,787
			6,444,764	421,416

Shadman Cotton Mills Limited

		Note	2021 Rupees	2020 Rupees
35	ADMINISTRATIVE AND GENERAL EXPENSES			
	Salaries and benefits	35.1	14,389,994	10,943,693
	Travelling and conveyance		1,636,378	1,203,615
	Legal and professional		4,095,170	2,728,303
	Fee and subscription		1,519,635	372,603
	Rent, rates and taxes		347,800	300,138
	Electricity, gas and water		1,985,674	1,720,037
	Insurance		453,052	251,178
	Repair and maintenance		494,061	643,513
	Communication		1,595,869	950,189
	Printing and stationery		164,250	108,949
	Vehicle running and maintenance		814,412	589,317
	Advertisement		102,540	183,060
	Entertainment		447,257	57,772
	Auditor's remuneration	35.2	325,000	300,000
	Depreciation	19.1.2	3,509,739	2,135,854
	Miscellaneous expenses		1,172,609	281,694
			33,053,440	22,769,915
35.1	These include charge in respect of employees retirement benefits amounting to Rs.1,639,653 (2021: Rs.1,376,353).			
35.2	Auditor's remuneration	Note	2021 Rupees	2020 Rupees
	Annual statutory audit		275,000	250,000
	Half yearly review		50,000	50,000
			325,000	300,000
36	OTHER INCOME	Note	2021 Rupees	2020 Rupees
	Gain on financial instruments			
	Foreign exchange gain		2,005,854	112,155
	Return on bank deposits		406,402	1,467,710
	Profit on suigas security deposit		1,088,905	-
	Changes in fair value of investments at fair value through profit or loss	30	302,701	1,236,503
	Profit on sale of investment		2,492,992	-
	Dividend income		30,418	397,676
			6,327,272	3,214,044
	Other income			
	Gain on disposal of operating fixed assets	19.1.1	5,207,924	8,619,068
	Old liabilities written back		-	12,446,782
	Provision recovered		-	95,824
	Rental income		36,288,544	39,095,928
			41,496,468	60,257,602
			47,823,740	63,471,646
37	FINANCE COST	Note	2021 Rupees	2020 Rupees
	Interest on workers' profit participation fund	12.1	46,650	350,075
	Bank charges		79,507	47,802
			126,157	397,877
38	OTHER EXPENSES			
	Workers' profit participation fund		-	633,211
	Impairment for doubtful debts		2,505,854	1,511,547
	Depreciation on Investment Property	20.2	3,003,838	2,113,579
			5,509,692	4,258,337

Shadman Cotton Mills Limited

39 TAXATION

Current taxation		
current year	10,140,770	9,071,907
prior year	(6,252,820)	531,900
	3,887,950	9,603,807
Deferred taxation		
current year	4,411	(92,856)
	3,892,361	9,510,951

39.1 Provision for current tax for the year has been made in accordance with section 18 and section 154 of the Income Tax Ordinance 2001. Income tax assessment of company has been finalized upto tax year 2020.

39.2 Numerical reconciliation between the average tax rate and the applicable tax

	2021	2020
	%	%
Applicable tax rate	29	29
Tax effect of amounts that		
adjustment of the prior years	(0.12)	0.05
income chargeable to tax at different rate	(20.52)	61.00
presumptive tax regime income	(1.00)	-
deferred tax	0.001	(0.01)
tax credit	-	-
	(21.64)	61.04
Effective tax rate	7.36	90.04

39.3 Assessments for the tax years up to 2020 are deemed assessments in terms of Section 120 (1) of the Ordinance, as per returns filled by the Company.

	Unit	2021	2020
		Rupees	Rupees
40 LOSS PER SHARE - BASIC AND DILUTED			
Profit / (Loss) attributable to ordinary shareholders	Rupees	(56,757,942)	1,008,510
Weighted average number of ordinary shares outstanding during the ye. No. of shares		17,636,719	17,636,719
Earning / (Loss) per share - Basic	Rupees	(3.22)	0.06

There is no anti-dilutive effect on the basic profit/ loss per share of the Company.

41 CASH GENERATED FROM OPERATIONS

Profit / (loss) before taxation	(52,865,581)	10,519,460
Adjustments for non-cash and other items		
(Gain)/Loss on disposal of operating fixed assets	(5,207,924)	(8,619,068)
Provision for employees retirement benefits	3,443,653	1,517,358
Old liabilities written back	-	(12,446,782)
Impairment allowance for doubtful debts	-	1,511,547
Changes in fair value investments at fair value through profit or loss	(302,701)	(1,236,503)
Finance cost	126,157	397,877
Depreciation	21,697,213	20,675,629
	19,756,398	1,800,059
Operating profit / (loss) before changes in working capital	(33,109,183)	12,319,519
Changes in working capital		
Stores, spares and loose tools	(20,421,825)	(145,552)
Stock in trade	(62,738,688)	(4,648,257)
Trade debts	(101,677)	47,827,299
Advances, prepayments and other receivables	(26,336,562)	4,260,813
Trade and other payables	65,216,408	(18,341,796)
	(44,382,344)	28,952,508
Cash generated from/(used in) operations	(77,491,527)	41,272,026

42 CASH AND CASH EQUIVALENTS

Cash and bank balances	31	1,039,032	27,405,912
		1,039,032	27,405,912

Shadman Cotton Mills Limited

43 TRANSACTIONS AND BALANCES WITH RELATED PARTIES

Related parties from the Company's perspective comprise associated companies and undertakings and key management personnel. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, and includes the Chief Executive and Directors of the Company. Details of transactions and balances with related parties is as follows:

		2021	2020
		Rupees	Rupees
43.1 Transactions with related parties			
Nature of relationship	Nature of transactions		
Directors	<u>Short term borrowings obtained</u>		
	(Mr. Shahid Mazhar, 58.23% Shareholding, Director)	42,750,000	2,850,000
	(Mrs. Ghazala Shahid, 2.28% Shareholding, Director)	4,800,000	15,400,000
	(Mr. Ahmed Bin Shahid, 12.02% Shareholding, Director)	6,250,000	-
	(Mr. Afnan Shahid, 12.02% Shareholding, Director)	6,250,000	-
	<u>Short term borrowings repaid</u>		
	(Mr. Shahid Mazhar, 58.23% Shareholding, Director)	32,150,000	25,040,000
	<u>Short term employee benefits</u>		
Associate	(Mrs. Ghazala Shahid, 2.28% Shareholding, Director)		
	<u>Short term borrowings obtained</u>		
	(Delta Oil Mills (Pvt) Limited, Common Directorship)	31,215,000	-
Balances with related parties			
Nature of relationship	Nature of balances		
Directors	<u>Equity</u>		
	(Mr. Shahid Mazhar, 58.23% Shareholding, Director)	120,000,000	120,000,000
	<u>Short term borrowings</u>		
	(Mr. Shahid Mazhar, 58.23% Shareholding, Director)	19,399,374	8,799,374
	(Mrs. Ghazala Shahid, 2.28% Shareholding, Director)	21,200,000	16,400,000
	(Mr. Ahmed Bin Shahid, 12.02% Shareholding, Director)	14,100,000	7,850,000
Associate	(Mr. Afnan Shahid, 12.02% Shareholding, Director)	6,250,000	-
	<u>Short term borrowings obtained</u>		
	(Delta Oil Mills (Pvt) Limited, Common Directorship)	31,215,000	-

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44 FINANCIAL INSTRUMENTS

The carrying amounts of the Company's financial instruments by class and category are as follows:

	Note	2021 <i>Rupees</i>	2020 <i>Rupees</i>
Financial assets			
Cash in hand	31	92,220	16,060
Financial assets at amortized cost			
Long term deposits	21	28,180,774	28,180,774
Trade debts	25	27,140,981	27,039,304
Security deposits	27	3,500,000	3,500,000
Cash at bank	31	946,812	27,389,852
		59,768,567	86,109,930
Financial assets at fair value through profit or loss			
Short term investments	30	2,449,619	13,139,784
		62,310,406	99,265,774
Financial liabilities			
Financial liabilities at amortized cost			
Long term finances	9	101,868,864	105,968,864
Long term payables	10	43,759,499	45,960,349
Employee benefit obligation	11	5,993,171	2,930,556
Short term borrowings	14	381,875,148	326,762,148
Accrued interest/markup	13	103,514,885	103,514,885
Trade creditors	12	124,502,551	50,295,176
Ijarah rentals payables	16	28,544,690	28,544,690
Accrued liabilities	12	15,700,696	10,310,219
		805,759,504	674,286,887

45 FINANCIAL RISK EXPOSURE AND MANAGEMENT

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk. These risks affect revenues, expenses and assets and liabilities of the Company.

The Board of Directors has the overall responsibility for establishment and oversight of risk management framework. The Board of Directors has developed a risk policy that sets out fundamentals of risk management framework. The risk policy focuses on unpredictability of financial markets, the Company's exposure to risk of adverse effects thereof and objectives, policies and processes for measuring and managing such risks. The management team of the Company is responsible for administering and monitoring the financial and operational financial risk management throughout the Company in accordance with the risk management framework.

The Company's exposure to financial risks, the way these risks affect the financial position and performance, and forecast transactions of the Company and the manner in which such risks are managed is as follows:

45.1 Credit risk

Credit risk is the risk of financial loss to the Company, if the counterparty to a financial instrument fails to meet its obligations.

45.1.1 Maximum exposure to credit risk

The maximum exposure to credit risk as at the reporting date is as follows:

	Note	2021 <i>Rupees</i>	2020 <i>Rupees</i>
Long term deposits	21	28,180,774	28,180,774
Trade debts	25	27,140,981	27,039,304
Security deposits	27	3,622,729	3,578,613
Bank balances	31	946,812	27,389,852
		59,891,296	86,188,543

45.1.2 Concentration of credit risk

The Company's maximum exposure to credit risk, as at the reporting date, by type of counterparty is as follows:

	2021 <i>Rupees</i>	2020 <i>Rupees</i>
Customers	27,140,981	27,039,304
Banking companies and financial institutions	4,569,541	30,968,465
Utility companies and regulatory authorities	28,180,774	28,180,774
	59,891,296	86,188,543

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45.1.3 Credit quality and impairment

Credit quality of financial assets is assessed by reference to external credit ratings, where available, or to historical information about counterparty default rates. All counterparties, with the exception of customers, have external credit ratings determined by various credit rating agencies. Credit quality of customers is assessed by reference to historical defaults rates and present ages.

(a) Counterparties with external credit ratings

These include banking companies and financial institutions, which are counterparties to 'insurance claims receivable', 'security deposits' and 'cash at bank'. These counterparties have reasonably high credit ratings as determined by various credit rating agencies. Due to long standing business relationships with these counterparties and considering their strong financial standing, management does not expect non-performance by these counterparties on their obligations to the

(b) Counterparties without external credit ratings

These include customers which are counter parties to 'trade debts' and utility companies and regulatory authorities which are counter parties to 'long term deposits'. Credit risk in respect of 'long term deposits' is considered to be insignificant as non-performance by these parties is not expected. The Company is exposed to credit risk in respect of trade debts. The analysis of ages of trade debts as at the reporting date is as follows:

	2021		2020	
	Gross carrying amount Rupees	Accumulated Impairment Rupees	Gross carrying amount Rupees	Accumulated Impairment Rupees
Niether past due nor impaired	-	-	-	-
Past due by 0 to 30 days	8,883,865	-	2,712,707	-
Past due by 31 to 90 days	-	-	-	-
Past due by 90 days to one year	886,937	-	4,910,032	-
Over one year	17,370,179	60,339,139	19,416,565	57,833,285
	27,140,981	60,339,139	27,039,304	57,833,285

45.1.4 Collateral held

The Company does not hold any collateral to secure its financial assets.

45.1.5 Credit risk management

As mentioned in note 45.1.3 to the financial statements, the Company's financial assets do not carry significant credit risk, with the exception of trade debts, which are exposed to losses arising from any non-performance by customers. In respect of trade debts, the Company manages credit risk by limiting significant exposure to any single customer. Formal policies and procedures of credit management and administration of receivables are established and executed. In monitoring customer credit risk, the ageing profile of total receivables and individually significant balances, along with collection activities are reviewed on a regular basis. High risk customers are identified and restrictions are placed on future trading, including suspending future shipments and administering dispatches on a prepayment basis or confirmed letters of credit.

45.2 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due.

45.2.1 Exposure to liquidity risk

The following is the analysis of contractual maturities of financial liabilities, including estimated interest payments.

	2021				
	Carrying amount Rupees	Contractual cash flows Rupees	One year or less Rupees	One to five years Rupees	More than five years Rupees
Long term finances	101,868,864	101,868,864	101,868,864	-	-
Short term borrowings	381,875,148	381,875,148	381,875,148	-	-
Accrued interest/markup	103,514,885	103,514,885	103,514,885	-	-
Trade creditors	124,502,551	124,502,551	124,502,551	-	-
Ijarah rentals payable	28,544,690	28,544,690	28,544,690	-	-
Accrued liabilities	15,700,696	15,700,696	15,700,696	-	-
	756,006,834	756,006,834	756,006,834	-	-
	2020				
	Carrying amount Rupees	Contractual cash flows Rupees	One year or less Rupees	One to five years Rupees	More than five years Rupees
Long term finances	105,968,864	105,968,864	105,968,864	-	-
Short term borrowings	326,762,148	326,762,148	326,762,148	-	-
Accrued interest/markup	103,514,885	103,514,885	103,514,885	-	-
Trade creditors	50,295,176	50,295,176	50,295,176	-	-
Ijarah rentals payable	28,544,690	28,544,690	28,544,690	-	-
Accrued liabilities	37,953,642	37,953,642	37,953,642	-	-
	653,039,405	653,039,405	653,039,405	-	-

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45.2.2 Overdue financial liabilities

As at the reporting date, the following debt finances and accrued interest/markup thereon are overdue.

	<i>Note</i>	2021	2020
		<i>Rupees</i>	<i>Rupees</i>
Long term finances	9	101,868,864	105,968,864
Ijarah rentals payable	16	28,544,690	28,544,690
Short term borrowings	14	381,875,148	326,762,148
Accrued interest/mark-up	13	103,514,885	103,514,885
		615,803,587	564,790,587

The Company is contesting recovery suits filed by the lenders. Refer to note 18.1 for details.

45.2.3 Liquidity risk management

The Company's approach to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company monitors cash flow requirements and produces cash flow projections for the short and long term. Typically, the Company ensures that it has sufficient cash on demand to meet expected operational cash flows, including servicing of financial obligations. This includes maintenance of balance sheet liquidity ratios, debtors and creditors concentration both in terms of overall funding mix and avoidance of undue reliance on large individual customer. The Company also has continued financial support from its directors in the form of interest free loans for any short term or long term liquidity requirements.

Due to reasons explained in note 2.2, the Company defaulted in repayments of its debts finances and interest/markup thereon amounting to Rs. 615.803 million. (see note 45.2.2).

45.3 Market risk

45.3.1 Currency risk

Currency risk is the risk that fair values or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises from transactions and resulting balances that are denominated in a currency other than functional currency.

(a) Exposure to currency risk

The Company's exposure to currency risk as at the reporting date is as follows:

	2021	
	USD	Total
	<i>Rupees</i>	<i>Rupees</i>
Financial assets		
Trade debts	5,927,748	5,927,748
Financial liabilities	-	-
Net exposure	5,927,748	5,927,748
	2020	
	USD	Total
	<i>Rupees</i>	<i>Rupees</i>
Financial assets		
Trade debts	6,746,756	6,746,756
Financial liabilities	-	-
Net exposure	6,746,756	6,746,756

(b) Exchange rates applied as at the reporting date

The following spot exchange rates were applied as at the reporting date.

	2021	2020	
	Assets	Liabilities	
	<i>Rupees</i>	<i>Rupees</i>	<i>Rupees</i>
USD	158.40	158.65	168.25

(c) Sensitivity analysis

A ten percent appreciation in Pak Rupee against foreign currencies would have decreased profit for the year by Rs. 0.592 million (2020: Rs. 0.674 million). A ten percent depreciation in Pak Rupee would have had an equal but opposite effect on profit for the year. The analysis assumes that all other variables, in particular interest rates, remain constant and ignores the impact, if any, on provision for taxation for the year.

(d) Currency risk management

The Company manages its exposure to currency risk through continuous monitoring of expected/forecast committed and non-committed foreign currency payments and receipts. Reports on forecast foreign currency transactions, receipts and payments are prepared on monthly basis, exposure to currency risk is measured and appropriate steps are taken to ensure that such exposure is minimized while optimizing return. This includes matching of foreign currency liabilities/payments to assets/receipts and using source inputs in foreign currency.

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45.3.2 Interest rate risk

Interest rate risk is the risk that fair values or future cash flows of a financial instrument will fluctuate because of changes in interest rates.

(a) Interest/markup bearing financial instruments

The effective interest/markup rates for interest/markup bearing financial instruments are mentioned in relevant notes to the financial statements. The Company's interest/markup bearing financial instruments as at the reporting date are as follows:

	2021	2020
	Rupees	Rupees
Fixed rate instruments		
Financial assets	49,985	20,839,249
Financial liabilities	17,863,256	17,863,256
Variable rate instruments		
Financial assets	-	-
Financial liabilities	512,288,702	461,275,702

(b) Fair value sensitivity analysis for fixed rate instruments

The Company does not account for fixed rate financial assets and liabilities at fair value through profit or loss.

(c) Cash flow sensitivity analysis for variable rate instruments and cash flow hedges

An increase of 100 basis points in interest rates as at the reporting date would have decreased profit for the year by Rs. 5.122 million (2020: Rs. 4.612 million). A decrease of 100 basis points would have had an equal but opposite effect on profit for the year. The analysis assumes that all other variables, in particular foreign exchange rates, remain constant and ignores the impact, if any, on provision for taxation for the year.

(d) Interest rate risk management

The Company manages interest rate risk by analyzing its interest rate exposure on a dynamic basis. Cash flow interest rate risk is managed by simulating various scenarios taking into consideration refinancing, renewal of existing positions and alternative financing. Based on these scenarios, the Company calculates impact on profit after taxation and equity of defined interest rate shift, mostly 100 basis points.

45.3.3 Other Price risk

Other price risk represents the risk that the fair value or future cash flows of financial instrument will fluctuate because of changes in market prices, other than those arising from interest rate risk or currency risk, whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments. The Company is exposed to price risk in respect of its investment in listed equity securities.

A ten percent appreciation in prices of equity securities as at reporting date would have increased profit for the year by Rs. 244,961 (2020: Rs. 1,313,978). A ten percent diminution in prices of equity securities as at the reporting date would have had equal but opposite effect on profit. The analysis assumes that all other variables remain constant and ignores the impact, if any, on provision for taxation for the year.

46 CAPITAL MANAGEMENT

The Company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. These are subject to operational conditions both internal and external, and generation of cash flows for working capital requirements and meeting of debt obligations. Any temporary shortfall is met through interest free loans from directors. The Board of Directors monitors the return on capital and level of dividends to ordinary shareholders and seeks to keep a balance between the higher return that might be possible with higher level of borrowings and the advantages and security afforded by a sound capital position. The Company monitors capital using the gearing ratio which is debt divided by total capital employed. Debt comprises long term finances and liabilities against assets subject to finances lease, including current maturity. Total capital employed includes total equity, as shown in the balance sheet plus surplus on revaluation of property, plant and equipment, plus debt. The Company's strategy is to maintain an optimal capital structure in order to minimize cost of capital. Gearing ratio of the Company as at the reporting date is as follows:

	Unit	2021	2020
Total debt	Rupees	101,868,864	105,968,864
Total equity	Rupees	445,035,702	501,804,444
		546,904,566	607,773,308
Gearing	% age	18.63%	17.44%

There were no changes in the Company's approach to capital management during the year. The Company is not subject to externally imposed capital requirements, except those, related to maintenance of debt covenants, commonly imposed by the providers of debt finances, including the impact, if any, of recovery suits filed by them against the Company. See note 18.

47 FAIR VALUE MEASUREMENTS

47.1 Financial Instruments

Shadman Cotton Mills Limited

47.1.1 Financial instruments measured at fair value

The Company measures some of its assets at fair value at the end of each reporting period. Fair value measurements are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements and has the following levels.

Level 1	Quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2	Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
Level 3	Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The fair value hierarchy of assets measured at fair value and the information about how the fair values of these financial instruments are determined are as follows:

a) Recurring fair value measurements

Nature of asset	Hierarchy	Valuation techniques/Key inputs	2021 Rupees	2020 Rupees
Financial assets at fair value through profit or loss				
Short term investments	Level 1	Quoted prices in an active market	2,449,619	13,139,784

b) Non-recurring fair value measurements

There are no non-recurring fair value measurements as at the reporting date.

47.1.2 Financial instruments not measured at fair value

The management considers the carrying amount of all financial instruments not measured at fair value to approximate their carrying values.

47.2 Assets and liabilities other than financial instruments.

47.2.1 Recurring fair value measurements

For recurring fair value measurements, the fair value hierarchy and information about how the fair values are determined is as follows:

	Level 1	Level 2	Level 3	2021 Rupees	2020 Rupees
Freehold land	-	309,025,000	-	309,025,000	309,025,000
Factory building	-	252,673,519	-	252,673,519	259,152,327
Plant and machinery	-	346,518,796	-	346,518,796	351,715,622
Short term investments	-	2,449,619	-	2,449,619	13,139,784

The fair valuation of the revalued assets are considered to represent a level 2 valuation of fair value hierarchy based on significant observable inputs. The fair values are subject to change owing to change in input. However, the management does not expect there to be a material sensitivity to the fair values arising from the observable inputs. The basis of revaluation for items of these fixed assets were as follows:

Freehold land:

Revalued amount of freehold land has been determined by reference to local market values of land taking into account prevailing fair market prices under the position and circumstances present on the date of revaluation and current market scenario for properties of similar nature in the immediate neighborhood and adjoining areas.

Building:

Revalued amount of building has been determined by reference to present depreciated replacement values after taking into consideration covered area and type of construction, age of civil and ancillary structures, physical condition and level of preventive maintenance carried out by the Company.

Plant and machinery:

Valuation is based on inquiries from the local manufactureres / suppliers of the similar machinery that was compared to the prices of machinery and equipment installed in other comparable companies and the information provided by the client. The invoice value was enhanced to about 20% to cater for the duty structure and overheads like insurance, clearing and freight costs and installation etc to come to the landed cost, which was compared with the prices of equivalent and similar machinery.

47.2.2 Non-recurring fair value measurements

There are no non-recurring fair value measurements as at the reporting date.

2021 Rupees	2020 Rupees
----------------	----------------

48 RESTRICTION ON TITLE, AND ASSETS PLEDGED AS SECURITY

Mortgages and charges

Charge over current assets	209,000,000	209,000,000
Charge over fixed assets	321,000,000	321,000,000

Pledge

Raw material	11,899,909	4,414,529
Work in process	44,575,402	-
Finished goods	26,291,270	15,713,364
Waste	100,000	-

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49 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The aggregate amount charged to profit or loss in respect of chief executive, directors and executives on account of managerial remuneration, allowances and perquisites, post employment benefits and the number of such directors and executives is as follows:

	2021		
	Chief Executive Rupees	Directors Rupees	Executives Rupees
Managerial remuneration	-	1,085,400	1,206,000
Allowances and perquisites	-	534,600	594,000
	-	1,620,000	1,800,000
Number of persons	1	1	1
	2020		
	Chief Executive Rupees	Directors Rupees	Executives Rupees
Managerial remuneration	-	1,005,000	1,085,400
Allowances and perquisites	-	495,000	534,600
	-	1,500,000	1,620,000
Number of persons	1	1	1

The chief executive and directors are provided with cars maintained by the Company and telephone at their residence. The other directors have waived their meeting fees and remuneration.

50 SEGMENT INFORMATION

- 50.1 The Company is a single reportable segment.
- 50.2 All non-current assets of the Company are situated in Pakistan.
- 50.3 All sales of the Company have originated from Pakistan.

51 NUMBER OF EMPLOYEES

Total number of employees of the Company as at the reporting date are 223 (2020: 60). Average number of persons employed by the Company during the year are 198 (2020: 73).

52 RECOVERABLE AMOUNTS AND IMPAIRMENT

As at the reporting date, subject to appropriateness of going concern assumption, recoverable amounts of all assets/cash generating units are equal to or exceed their carrying amounts, unless stated otherwise in these financial statements.

53 PLANT CAPACITY AND ACTUAL PRODUCTION

	Unit	2021	2020
Owned			
Total number of spindles installed	No.	43,944	50,136
Average number of spindles worked	No.	-	-
Number of shifts worked per day	No.	-	-
Plant capacity on the basis of utilization converted into 20s count	Kgs	-	-
Actual production converted into 20s count	Kgs	-	-

It is difficult to precisely compare production capacity and the resultant production converted into base count in the textile industry since it fluctuates widely depending on various factors such as count of yarn spun, raw materials used, spindle speed and twist etc. It would also vary according to pattern of production adopted in a particular year.

The company has installed apparel division with main component of 50 sewing machines. The capacity of these machines cannot be determined as these vary very widely with the product and design of the articles produced.

54 EVENTS AFTER BALANCE SHEET DATE

There is no event after the reporting period requiring any adjustment in or disclosure in financial statements.

55 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on November 05, 2021 by the Board of Directors of the Company.

55.1 GENERAL

55.2 Figures have been rounded off to the nearest rupee.

55.3 Comparative figures have been rearranged and reclassified, where necessary, for the purpose of comparison. However, there were no significant reclassifications during the year.



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER



DIRECTOR

PATTERN OF SHAREHOLDINGS

AS ON JUNE 30, 2021

Number of ShareHolders	Shareholdings		Total Number of Share Held	Percentage of Total Capital
	From	To		
566	1 -	100	14,701	0.08
237	101 -	500	55,756	0.32
158	501 -	1000	114,741	0.65
127	1001 -	5000	255,090	1.45
9	5001 -	10000	56,215	0.32
5	10001 -	15000	65,193	0.37
1	15001 -	20000	15,750	0.09
5	20001 -	25000	102,599	0.58
1	25001 -	30000	29,121	0.17
2	50001 -	55000	102,484	0.58
1	70001 -	75000	74,016	0.42
2	105001 -	110000	213,308	1.21
1	400001 -	405000	401,566	2.28
1	515001 -	520000	519,793	2.95
1	1105001 -	1110000	1,105,528	6.27
2	2115001 -	2120000	4,240,000	24.04
1	7810001 -	7815000	10,270,858	58.24
1,123			17,636,719	100.00

CATEGORIES OF SHAREHOLDERS AS ON JUNE 30, 2021

Sr. # Name	Shares Held	Percentage
Individuals	2,714,625	15.3919
Directors, Chief Executive Officer, and their spouse and minor children		
1 MR. SHAHID MAZHAR	10,270,858	58.2357
2 AHMED BIN SHAHID	2,120,000	12.0204
3 MUHAMMAD AFNAN SHAHID	2,120,000	12.0204
4 GHAZALA SHAHID	401,566	2.2769
5 MUHAMMAD AKHTAR	939	0.0053
6 MR. HAMID BASIR	500	0.0028
7 MR. NADEEM BHATTI	500	0.0028
Running Total:	14,914,363	84.5643
NIT and ICP		
1 M/S. INVESTMENT CORPORATION OF PAKISTAN	479	0.0027
2 M/S. NATIONAL BANK OF PAKISTAN, TRUSTEE DEPARTMENT	2,500	0.0142
Running Total:	2,979	0.0169
Banks, Development Financial Institutions, Non Banking Financial Institutions		
1 IDBL (ICP UNIT)	600	0.0034
2 NATIONAL BANK OF PAKISTAN LTD.	2	0.0000
Running Total:	602	0.0034
Others		
1 M/S. COLOMBY TRADING LTD.	100	0.0006
2 FIKREES (PRIVATE) LIMITED	1,000	0.0057
3 MUHAMMAD AHMED NADEEM SECURITIES (SMC-PVT) LIM	27	0.0002
4 MAPLE LEAF CAPITAL LIMITED	1	0.0000
5 CAPITAL VISION SECURITIES (PVT) LTD.	1,361	0.0077
6 AWJ SECURITIES (PRIVATE) LIMITED.	386	0.0022
7 Y.S. SECURITIES & SERVICES (PVT) LTD.	78	0.0004
8 NH HOLDINGS (PVT) LTD	1,077	0.0061
9 NH SECURITIES (PVT) LIMITED.	120	0.0007
Running Total:	4,150	0.0235
Grand Total:	17,636,719	100.0000
Shareholders having 5% or more voting rights		
MR. SHAHID MAZHAR	10,270,858	58.2357
AHMED BIN SHAHID	2,120,000	12.0204
MUHAMMAD AFNAN SHAHID	2,120,000	12.0204
MRS. RAFIA MAZHAR	1,105,528	6.2683
	15,616,386	88.5447

Shadman Cotton Mills Limited

Folio No./CDC Participant ID

And Account No. _____

CNIC No. _____

PROXY FORM

I/We _____ Son / Daughter / Wife of _____ being member(s) of **Shadman Cotton Mills Limited** and holder of _____ Ordinary Shares as per Registered Folio No. /CDC Participant ID No. Account No. _____ do hereby appoint Mr. _____ of _____ or failing him/her _____ of _____ who is also member of **Shadman Cotton Mills Limited**, vide registered folio no./CDC/ Participant ID No. and Account No. _____ as my / our proxy to vote for me / us and on my / our behalf at the Annual General Meeting of the Company to be held on **Saturday, November 27, 2021 at 10.30 a.m.** at 2-E, Block-G, Mushtaq Ahmed Gurmani Road, Gulberg-II, Lahore and at any adjournment thereof.

As witness my/our hand this _____ day of _____ 2021

1. Witness:

Signature _____

Name _____

Address: _____

CNIC/Passport No. _____

Please affix here
Revenue Stamp of
Rs.5/-

Members' Signature

Notes:

1. A member entitled to attend and vote at the Annual General Meeting is entitled to appoint another member as his / her proxy to attend and vote on his / her behalf. Proxies in order to be valid must be received at the Registered Office of the Company 48 hours before the time of the meeting. A proxy must be a member of the Company.
2. Any individual Beneficial Owner of CDC, entitled to attend and vote at this meeting, must bring his / her original CNIC or Passport to prove his / her identity and in case of proxy must encloses an attested copy of his / her CNIC or Passport. Representative of corporate members should bring the usual documents required for such purposes.
3. Signature should agree with specimen signature registered with the company.

فولیو نمبر / CDC پارٹیسپیشن نمبر (شرکت نمبر)

کھاتا نمبر:

کمپیوٹرائزڈ شناختی کارڈ نمبر: _____

پراکسی فارم

میں اہم

جیٹا بیٹی از منہ _____ محشیہ رکن

شادمان کاشن ملزیمیڈ اور حامل عام حصص، بمطابق رجسٹرڈ لینڈ

سی ڈی سی پارٹیسپیشنٹ (سرکٹ) آئی ڈی اور اکاؤنٹ (کھاتا) نمبر: _____

ع 16

یا عدم موجودگی کی صورت میں، محترم۔

کاکے بھی جو کے شادمان کاٹن ملز لمیٹڈ کے رکن ملاحظہ رحمہ فرماؤں فیور اسی ڈی بی یا ریٹسپونٹ

(شرکت) آئی ڈی اور کاؤنٹ (کھانا) نمبر: کو ایچ / ہمارے ایما پر مورخہ 27 نومبر 2021 بروز ہفتہ صبح 10:30 بجے منعقد ہونے والے کمپنی کے سالانہ اجلاس عام میں حق رائے دہی

استعمال کرنے یا کسی بھی صورت میں اپنا/ہمارا یا کسی مقرر رکنا ہوں / کرتے ہیں۔

آج بروز _____ تاریخ _____ 2021 بطور گماہ دستخط کئے گئے۔

3. (1)

وتمثل:

3

کمپیوٹر انزڈ شناختی کارڈ نمبر: _____

(2) 2000

وتنحط:

— 34 —



کمپیوٹر انٹرنیٹ شناختی کارڈ نمبر: _____

نوٹ:

1۔ کوئی بھی رکن (ممبر) جو سالانہ اجلاس میں شرکت کرنے اور ووٹ دینے کا ارادہ رکھتا ہے وہ اجلاس میں شرکت کرنے اور ووٹ دینے کے لئے کسی دوسرے رکن (ممبر) کو اپنا پراسی مقدر کر سکتا ہے۔ پراسی اس موثر ہونے کے لیے اجلاس کے انعقاد سے 48 گھنٹے قبل کمپنی کے رجسٹرڈ آفس میں موصول ہونی چاہیے۔ پراسی کا رکن (ممبر) ہونا لازمی ہے۔

2- سی ڈی سی کے افرادی مالک جو اس میں شرکت کے اہل ہیں اپنا کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ اپنی شناخت کے لیے ہمراہ لائیں۔ ہر کسی کی صورت میں اپنے قومی کمپیوٹرائزڈ شناختی کارڈ یا پاسپورٹ کی تصدیق منسلک کریں۔ ہر کارپوریٹ ممبرز کے نمائندگان شناخت کے لیے اس موقع پر درکار معمولی کی واپس بات ہمراہ لے کر آئیں۔